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# West Europe Report

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19 April 1985

## WEST EUROPE REPORT

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POLITICAL

CANADA

## STAR WARS, NUCLEAR WEAPONS INVOLVEMENT CONTROVERSY

### Mulroney, Clark, Coates Denials

Toronto THE TORONTO STAR in English 6 Feb 85 pp A1, A4

[Article by Joel Ruimy]

[Excerpt]

OTTAWA — Prime Minister Brian Mulroney and External Affairs Minister Joe Clark have stated categorically that Canada will not get involved in the U.S. Star Wars program or allow nuclear weapons in the country.

The statement was hailed by Liberal leader John Turner as "a great step forward for the country."

Mulroney and Clark also said that the Progressive Conservatives will present the text of any new agreement with the United States on a modernized Distant Early Warning (DEW) system to MPs before signing any deals.

Since last month, the government has defended U.S. plans to devote billions of dollars to researching the Star Wars program, a proposed anti-missile system in outer space known formally as the Strategic Defence Initiative.

There has also been controversy over a suggestion that the U.S. wants to modernize the decades-old DEW system in the Canadian North to make it a land-based adjunct to the Star Wars system.

Mulroney offered the first guarantee yesterday when Turner asked him in the House of Commons if he would allow Parliament

to review any agreement to update the DEW line before actually signing it.

"We will be honored, to share with all members of the House, via a House committee, all information relating thereto," Mulroney said.

Clark later repeated the commitment, offering MPs a briefing "this afternoon" if they wanted it.

New Democrat MP Derek Blackburn (Brant) then asked Defence Minister Robert Coates about reports quoting a senior official in the Canadian defence department as saying the U.S. could put nuclear weapons into Canada to intercept Soviet missiles.

### No nuclear weapons

"We are in a position, where we have no nuclear weapons on Canadian soil and we have no present intention of receiving any nuclear weapons on Canadian soil," Coates replied.

Liberal MP Lloyd Axworthy (Winnipeg-Fort Garry) then asked Clark to confirm that there would be no nuclear weapons accepted here and that Canada would not get involved with Star Wars.

"The policy of this government is, as it will be, that there will be no nuclear weapons stationed on Canadian soil," Clark replied. "That can be taken as categoric."



"With regard to the question of any association with any aspect of the Strategic Defence Initiative, I can give the member assurance now, as I have before, that there is no plan, current, pending or anticipated, that would have the government involved in any way with the Strategic Defence Initiative."

#### Clark Denial Reiteration

Toronto THE GLOBE AND MAIL in English 14 Feb 85 p 19

[Text]

OTTAWA (CP) — External Affairs Minister Joe Clark reiterated yesterday that U.S. nuclear weapons will not be based in Canada without prior approval of the Government.

"I am pleased to repeat, as I have in the past, that insofar as this Government is concerned, if there were a request to station nuclear arms here we would clearly reserve the right to refuse the stationing of nuclear arms on Canadian soil," Mr. Clark said in the Commons.

Opposition MPs said Mr. Clark was being kept in the dark about contingency plans drafted by the U.S. Govern-

ment to base nuclear weapons in Canada, Puerto Rico, Iceland and Bermuda without telling any of the governments involved.

The New York Times reported yesterday that governments were told only after reports of the plans surfaced abroad.

Jean Chrétien, Liberal external affairs critic, asked: "Why is it, once again, with the supposed good relations that we have with the Americans, that every day in the American papers there are statements to the effect that . . . the United States (is) making plans to implement nuclear weap-

ons in Canada?"

The issue of basing U.S. nuclear weapons in Canada arose in early January when a Washington-based defence researcher made public a document signed by President Ronald Reagan that outlined contingency plans for putting 32 nuclear depth charges in Canada in the event of war.

The depth charges each have about 10 kilotons of explosive power, less than the Hiroshima bomb. In a conflict, they would be dropped by P-3 Orion planes or other maritime aircraft either to destroy submarines or block their passage.

#### Further Clark Remarks

Toronto THE GLOBE AND MAIL in English 16 Feb 85 pp 1-2

[Article by Charlotte Montgomery]

[Text]

OTTAWA — The United States is reminding its allies of their treaty commitments in the wake of New Zealand's refusal to let U.S. Navy ships carrying nuclear weapons call at its ports, External Affairs Minister Joe Clark said yesterday.

But both Mr. Clark and the U.S. Embassy in Ottawa denied there has been any U.S. pressure on Canada and other allies to accept nuclear weapons.

Mr. Clark faced questions in the House of Commons yesterday about news reports that the United States sent a message to Canada and other allies that they are obliged to accept stockpiles of nuclear weapons

under a 1957 North Atlantic Treaty Organization agreement.

"There was, so far as I know, no suggestion by the Government of the United States to anyone that Canada should accept nuclear arms," Mr. Clark told the Commons.

"There was, so far as I know, an instruction by the Department of State of the United States to their ambassador here in Ottawa to be in touch with us expressing concern about the degree to which countries with which the United States has treaty arrangements were going to honor those arrangements.

"The question of nuclear arms on

Canadian soil did not arise because the position of the Government of Canada on the question of nuclear arms on Canadian soil is abundantly clear: We do not allow nuclear arms to be stationed on Canadian soil."

Any contingency plan that might, in time of crisis, call for stationing nuclear weapons here would require the consent of Canada, Mr. Clark said, repeating an assertion he has made several times over the past few weeks.

"This Government would be prepared to exercise our option to refuse nuclear arms on Canadian soil if we believed that to be in the interests of Canada," he said.

The minister quoted a 1957 NATO agreement under which there would be stockpiles of nuclear weapons — to be available in case of emergency — and that the deployment of these weapons would be decided in keeping with NATO defence plans and in agreement with the countries concerned.

Mr. Clark told reporters later that U.S. officials here were in con-

tact with External Affairs officials after the State Department advised its officials abroad that "it might be an appropriate time to come in and reaffirm the commitment of the United States to the North Atlantic Treaty Organization, the importance of consultation and the importance of all countries honoring their obligations as best they could."

Canada was on the list for such contact, the minister said, simply because it is a NATO country, not because of any dispute between the two countries.

The contact, which involved a note to which Canada will respond, was "very uncontroversial," he said.

"If you want me to hazard a guess," Mr. Clark told reporters, "I suppose (that) because there had been some question as to what was happening in a quite different arrangement that the United States has with New Zealand, they simply wanted to make it clear that they were not over-reacting to that, that their attitude towards their alliances and to NATO was the same as before."

He rejected suggestions that the contact initiated by U.S. officials could be considered an effort to keep NATO allies in line with U.S. wishes. Mr. Clark said that, in his view, it was a response to some "rather flamboyant" and not always accurate news reports.

New Zealand's Labor Government displeased the U.S. when it barred port calls by U.S. Navy ships unless there was an assurance that they carried no nuclear weapons, an assurance the United States refuses to give as a matter of policy. New Zealand, the United States and Australia share a defence alliance.

"Press reports that the United States is pressuring Canada to take nuclear weapons, or is insisting that Canada is obliged to take nuclear weapons, are completely false," the U.S. Embassy said in a brief statement issued here yesterday. "As the U.S. has said many times before, no decision with regard to deployment of nuclear weapons will be taken except in full conformity with NATO defence plans and in agreement with the states directly concerned."

## Consultation Framework

Toronto THE GLOBE AND MAIL in English 28 Feb 85 pp 1-2

[Text]

OTTAWA (CP) — Canadian and U.S. officials have agreed to look at ways of improving the framework for consultation between the two countries in times of military crisis, officials in Washington and Ottawa confirmed yesterday.

The move follows a political flap that began last month after revelations by an independent U.S. military analyst, William Arkin, that the Pentagon had developed contingency plans for the deployment of 32 nuclear depth charges in Canada during a crisis.

Ottawa, apparently wary of public reaction to the stationing of nuclear weapons in Canada and what could be construed as a loss of Canadian sovereignty, quickly denied that Canada had agreed to any such plan.

It cited a 1957 North Atlantic Treaty Organization agreement that calls only for consultation

between the two countries before deployment of nuclear weapons in times of crisis and leaves final approval with the Canadian Government.

External Affairs Minister Joe Clark told the House of Commons earlier this month: "We are looking at ways in which we can expand the parameters of definition of emergency so that there might be a greater opportunity for ... more lead time in making decisions."

Yesterday, Mr. Clark confirmed that officials "have already started the process of investigating whether there is any broader definition that can be given to crisis."

While insisting that Mr. Arkin's information "hasn't been proven to be correct," Mr. Clark said disclosure of the plan still "started a controversy that attracted a new Government's attention to some practices that had apparently been acceptable to the former govern-

ment that we thought we should try to improve."

Mr. Clark would not say what practices the talks would deal with and said Canadian officials are largely satisfied with the mechanisms for consultation that have been built into the main military alliances Canada participates in with the United States: NATO and the North American Aerospace Defence Agreement (NORAD).

"My interest is much less in drawing attention to weaknesses that might have existed in the past," Mr. Clark said. "I'm interested in preparing and ensuring that we have the best possible systems in the future."

Paul Barton, the External Affairs Department's acting director of defence relations, said Ottawa has contacted Washington "to reaffirm our interest in remaining abreast of any developments that relate to contingency planning."

Canadian clout in alliances with the United States has been a sensitive domestic issue for decades.

In 1962, prime minister John Diefenbaker was outraged by the lack of consultation between U.S. and Canadian officials when Washington was involved in a showdown with the Soviet Union over the installation of missiles in Cuba.

In 1973, president Richard Nixon

put NORAD on a high-level alert without consulting Ottawa when it was thought the Soviet Union was gearing up to enter the Arab-Israeli war.

Last year, Ottawa and other U.S. allies were kept in the dark about the U.S. invasion of Grenada.

Under existing NATO procedures, alliance ambassadors must be consulted before alert levels are raised to meet a Warsaw Pact threat. NORAD's deputy commander is a Canadian Forces officer and Canadian soldiers are involved in the threat assessment procedures at NORAD headquarters when unidentified aircraft are picked up on radar.

Revelation of the depth-charge plan came as Conservative Cabinet ministers were being grilled in the Commons about Canadian involvement in U.S. President Ronald Reagan's space defence research plans.

Negotiations between Canada and the United States on a cost-sharing agreement for an improved northern radar system appear to be close to completion, and Opposition critics had charged that the system could be used in conjunction with a space defence system.

Mr. Clark and former defence minister Robert Coates denied there was any connection between the space defence plan and the radar system.

#### ASW Weapons

Toronto THE GLOBE AND MAIL in English 28 Feb 85 p 7

[Article by Joel Sokolsky, assistant professor at the Centre for Foreign Policy Studies, Dalhousie University]

[Excerpts]

**IT** IS NOT surprising that many people, even those familiar with strategic matters, are unaware that the United States and Canada may have made arrangements for transferring nuclear anti-submarine warfare (ASW) weapons to Canada. These weapons are perhaps the least known and least understood in the U.S. nuclear arsenal.

The U.S. Navy began experimenting

with nuclear depth charges in the late 1940s. The application of atomic weaponry to anti-submarine warfare seemed to have obvious advantages — enemy submarines could be destroyed or neutralized by a nuclear depth charge without having to inflict a direct hit or even a near hit. Experiments and studies indicated that submerged vessels could be destroyed within a radius of more than one mile with a charge of less than 10-kilotons.

During the 1960s, the U.S. Navy deployed two nuclear-capable systems that remain the staple of its nuclear underwater capability. One is the anti-submarine rocket (ASROC), which can deliver a one-kiloton warhead up to six nautical miles when fired from a surface vessel. The rockets, which can also carry a conventional warhead, are mounted on 65 frigates, 78 destroyers and 27 cruisers of the U.S. fleet, and (in the conventional mode) aboard many ships of the North Atlantic Treaty Organization.

The second system is the SUBROC (submarine rocket), found on 73 of the U.S. Navy's 96 attack submarines. It can carry a 1- to 5-kiloton warhead and has a range of 20 to 35 nautical miles. The rocket is fired out of a submarine's torpedo tube, breaks the surface of the water, travels through the air and re-enters the water to attack its target.

Counting warheads for the ASROC and SUBROC as well as B-57 bombs, the U.S. Navy has about 2,000 nuclear depth weapons. Most are stored in the United States and kept aboard U.S. vessels. However, under NATO and bilateral arrangements, some are stored at U.S. and NATO bases in allied countries. In addition, a number of allies, including Britain and The Netherlands, are trained to use B-57 depth bombs. Release of nuclear ASW weapons, like all other nuclear weapons, requires presidential authority.

The U.S. Navy is engaged in several programs to upgrade its nuclear ASW capability, including replacement of the B-57s, new ASROCs and a new stand-off weapon to replace the SUBROC.

There is an even greater effort to enhance conventional ASW forces. Advances in sensing and homing techniques, which allow for exact location of enemy submarines and greater kill probabilities, have reduced the need for nuclear weapons. And nuclear charges can still not be safely used in all circumstances — for example, to defend merchant convoys, where a large number of friendly vessels may be near and detonation at great depths might not be possible.

Moreover, while nuclear anti-submarine weapons beneath the high seas would

cause almost no civilian damage or casualties, their possible use still carries all the dangers of uncontrolled nuclear escalation. Thus, the U.S. Navy and allied navies have sought to maintain a wide range of conventional ASW options.

The NATO policy of not disavowing "first use" leaves open the possibility that in a conventional conflict at sea, the U.S. Navy might fire its nuclear weapons before the Soviets triggered their considerable sea-based tactical nuclear capability. However, it is likely that the widespread use of nuclear ASW weapons would take place only after a clear and significant crossing of the nuclear threshold at sea and/or on land.

For Canada, the existence of ASW weapons in the U.S. nuclear arsenal is a matter that goes beyond specific arrangements for the transfer of these weapons onto Canadian soil or ships. Based on available information, it seems evident that Canada has in the past made arrangements for such transfers. But even if such agreements have lapsed, as the Government claims, or will be terminated, Canada's maritime forces cannot be easily disengaged from nuclear ASW.

Under NATO and various bilateral agreements, Canada's Maritime Command is involved in close co-operation with the U.S. Navy on a daily basis, and its forces would likely join with elements of the U.S. fleet in a crisis or in war. Nuclear ASW weapons can be found on nearly all U.S. Navy surface ships and submarines and can be delivered by a variety of aircraft, and Canadian ships and aircraft will be operating alongside them, in North American waters and in defence of the central and eastern Atlantic.

In a crisis or war, it will remain the prerogative of the Government to withhold Canadian maritime forces. If it so chooses, Ottawa can disengage in peacetime from co-operative measures with the U.S. Navy. But once committed, as they now are, it is impossible to consider Canada's maritime forces as being uninvolved or disengaged from the nuclear ASW posture of the U.S. Navy, regardless of whether these weapons are to be transferred to Canadian soil, in peace or war.

POLITICAL

DENMARK

# ELECTION EXPERTS AGREE: CONSERVATIVES TO GAIN IN LOCAL VOTING

Would Rank Second After SDP

Copenhagen INFORMATION in Danish 7 Mar 85 p 3

[Article by Stig Albinus]

[Text] Conservatives will overtake Liberals' position as the country's second largest party in this November's municipal election, it appears from a forecast which election expert lecturer Soren Risbjerg Thomsen of the Institute for Political Science in Aarhus has prepared for INFORMATION. Conservatives stand to get an increase of about 5 percent.

Liberals will still not be the big losers in the municipal elections as several sides have predicted and as Liberal politicians have feared, Soren Risbjerg Thomsen believes. The Liberal Party will receive roughly the same level of support on the order of approximately 17 percent of votes.

The big loser in municipal elections will be FP [the Progressive Party], which can look forward to almost a 50 percent cut in its votes in November's municipal elections compared with the 1981 municipal elections -- a decline of approximately 3 percent.

According to Soren Risbjerg Thomsen's forecast, the Conservatives will receive 20.9 percent of votes in the coming municipal elections as against 16.2 percent in the previous municipal elections. The Liberal Party will receive 16.9 percent of votes, compared with 17.1 percent in the previous municipal elections. The Progressive Party will drop from 6.3 percent of votes in the last municipal elections to 3.8 percent in the coming municipal elections. The SDP [Social Democratic Party] stands to go down from 34 percent of the votes in 1981 to 33.6 percent of votes in November 1985. (See table.)

Basis for the forecast

The basis for the forecast is research of voter behavior in all municipal elections from 1970 through 1981 which shows that national political fluctuations show up in local elections with about "half strength."



Soren Risbjerg Thomsen has taken the most recent public opinion polls from Observa, AIM and Gallup this February and constructed "a parliamentary election," the way it would occur based on these polls. He then extrapolated and reached probable results in this November's county council and municipal elections. (See table.)

In the light of the latest public opinion polls, the Liberal Party stands to get a smaller increase in the coming municipal elections. When calculating a forecast for November's municipal elections, it should be borne in mind that the Liberals conducted a comparatively weak electoral contest previous to the 1981 parliamentary election and so somewhat weakened its popularity in relation to local elections three weeks before, Soren Risbjerg Thomsen said.

Something similar is true of VS [the Left Socialist Party], but the opposite probably turned out to be true for CD [Center Democrats] who conducted an extraordinarily heroic electoral contest in 1981 under party chairman Erhard Jakobsen.

The forecast for county council and municipal elections is built on the assumption that fluctuations in parliamentary elections will show up in local elections with "half strength" -- with the already mentioned electoral contest effects for the Liberals, Left Socialists and Center Democrats still taken into consideration.

Furthermore it is assumed that support of "other lists," i.e. lists which do not appear in parliamentary elections and which have received about the same level of support since 1970, will also receive an unchanged level of support from 1981 to 1985.

The most important assumption behind the forecast is that the February public opinion poll is a realistic prediction of the parties' popularity in November 1985. Naturally it can be difficult to predict, but for the time being it indeed looks as if the Liberal Party will receive roughly the same level of support, about 17 percent, in November's local elections, Soren Risbjerg Thomsen believes.



Table: Forecast of the division of votes in county council and municipal elections drawn from public opinion polls on the parliamentary election

Party	1981			1985 forecast		
	Parlia- mentary	County Council <sup>1</sup>	Munic- ipal	Parlia- mentary <sup>2</sup>	County Council <sup>1</sup>	Munic- ipal
A. Social Democratic	32.9	35.8	34.0	31.9	35.3	33.6
B. Radical Liberal	5.1	6.0	4.8	4.6	5.7	4.5
C. Conservatives	14.5	17.0	16.2	24.9	22.2	20.9
E. Justice	1.4	1.1	0.5	0.7	0.7	0.2
F. Socialist People's	11.3	6.7	5.7	12.7	7.4	6.3
K. Communist	1.1	1.9	1.8	0.8	1.7	1.6
M. Center Democrats	8.3	1.7	0.9	3.7	0.9	0.2
Q. Christian People's	2.3	1.7	1.2	2.4	1.8	1.3
V. Liberal	11.3	17.2	17.1	12.2	17.0	16.9
Y. Left Socialist	2.7	3.1	2.5	2.4	2.2	1.6
Z. Progress	8.9	7.0	6.3	3.3	4.2	3.8
Other parties	0.2	0.3	0.3	0.4	0.4	0.4
Other lists	-	0.5	8.7	-	0.5	8.7

1. Includes municipal elections in Copenhagen and Freveriksberg [as published], where county council elections are not held.
2. Average of three February 1985 public opinion polls (Observa, AIM and Gallup in JYLLANDS-POSTEN (17 February 1985), BORSEN (1 March 1985) and BERLINGSKE TIDENDE (3 March 1985) respectively.)

#### Other Scholar Sees Liberals' Decline

Copenhagen BERLINGSKE TIDENDE in Danish 11 Mar 85 p 7

[Article by Thorkild Dahl]

[Text] Political gains at the national level also rub off on local elections, and conservative strength will mean shifts in the non-socialist bloc in

municipal elections on November 19, Professor Ole Borre, an election expert believes. The Progress Party will lose votes and the Liberal Party mayoral posts.

The Conservative People's Party will become the second largest party after the Social Democratic Party and will thereby make inroads in the Liberals' traditional and unequalled position in Danish local politics.

This emerges from a forecast of the November 19 municipal elections prepared for the newspaper INFORMATION by election expert Soren Risbjerg Thomsen, a lecturer at the Institute for Political Science in Aarhus.

The electoral contest has begun, and in today's issue of the conservative party paper VOR TID the party's organizational chairman, general secretary Torben Rechendorff writes that the conservatives have a lot in their favor.

"The place the Conservative People's Party got in last January's parliamentary election, which was confirmed in the EEC election and since then in the Gallup figures, puts us in good stead in local terms. Our aim is to work to get the political attention and position we earned nationally transplanted. Our aim is thus to get up in the vicinity of the result we achieved on January 10 last year," Torben Rechendorff said to BERLINGSKE.

In the municipal elections of 1981 the Conservative People's Party received 455,637 votes and in last year's parliamentary election 788,224.

"We are well aware that it does not rub off only on county and municipal elections, but we have observed that there are significant crowds on the reserve benches, and those are the people we want," Torben Rechendorff added.

Considerable gain

The electoral forecast prepared by Lecturer Soren Risbjerg Thomsen shows that the Social Democrats will experience a small setback in relation to 1981 and receive 33.6 percent, the conservatives will win almost 5 percent and receive 20.9 percent, while the Liberals will experience a smaller decrease to 16.9 percent.

Professor Ole Borre of the Institute for Political Science in Aarhus said that national political trends will also show up in municipal elections. Professor Ole Borre believes this will occur with roughly half strength.

"There is no doubt that the conservatives stand to register a significant gain, even if the party was on its way up in the 1981 municipal elections," Ole Borre said.

The author of the electoral forecast, Soren Risbjerg Thomsen, told BERLINGSKE TIDENDE that "even if the conservatives in the forecast become the big winner in the election with a gain of 5 percent, in terms of votes the Liberal Party is still not the big loser in the municipal elections."

The Progressive People's Party will lose votes, the Liberals mayoral posts.

Not from Heaven

The 275 mayoral posts are now divided as follows: non-political lists, 35; Radicals, 4; Liberals, 136; SDP, 75; and Conservative, 25.

In the paper VOR TID Torben Rechendorff puts forward the conservative goal of 55 mayors.

"Of course mayoral posts do not come dropping down from heaven. Our principal line is that they are to be gotten from our political opponents, and it is naturally not they we are working with in the government," Torben Rechendorff said, and he stressed the fact that he, as organizational chairman, when the electoral contest begins, "must naturally work for the best result for the Conservative People's Party."

"The typical result is that you earn gains mainly from nearby parties. It is much harder to earn gains from across the chasm separating the Social Democrats and the non-socialist parties. By and large, the conservatives will get gains in a bloc," Professor Ole Borre of the Institute for Political Science in Aarhus said.

Lecturer Soren Risbjerg Thomsen went on to say that the Liberals will presumably lose mayoral posts because the party will be in a weaker position in negotiations with conservatives over mayoral posts.

Conservatives currently have one county council chairman and the conservative aim is for "four to five in any event."

The division of county council chairman is at present: Radicals, 1; Liberals, 7; Social Democrats, 5; and Conservatives, 1.

#### Current Poll Registers SDP Gains

Copenhagen BERLINGSKE TIDENDE in Danish 3 Mar 85 p 7

[Article by Solveig Rodsgaard: "Gallup: Loss for SF, Gain for S and VS"]

[Text] On the other hand, the image debate between the government parties has not scared off voters. The Liberals have the same number of voters in relation to the last Gallup poll, conservatives are unchanged concerning the election result.

As Gert Petersen, the chairman of the SF, [Socialist People's Party], sets the stage for a change in the security policy line the party has had up to now by dropping its call for total disarmament, the SF is losing voters.

This is what emerges from the most recent Gallup poll, which was conducted during the period February 9-22.

#### SR voters switch to VS

Gert Petersen's move has created dissension within SF, where, for example, the party's vice chairman, Aage Frondsen says that the party must stick to its old watchword, that only the total disarmament of Denmark can keep the country out of a major European war.

According to the Gallup poll, the evidently dissatisfied SF voters have had only one place to go to, viz. the VS, [Left Socialist Party], which since the last Gallup poll has once again gone over the minimum percentage of votes needed in order to achieve representation in parliament and received 2.4 percent of the votes. But the Social Democrats have also gained more voters since the last poll, so something indicates that it is not only the fight over security policy which is making voters who have hitherto supported SF switch to other parties. However it does not appear that the intense debate about the administration's ideological image brought about by Venstre's appointment of a long-term committee has scared off middle-class voters.

As in the last Gallup poll, Liberals get 12 percent of votes, and Conservatives have declined by only 0.2 percent and still stand 2 percent above the election result.

Both the Center Democrats and the Christian People's Party continue to receive less voter support than on the last election day, and the Radicals have gone down slightly.

In the light of the Gallup poll, BERLINGSKE SONDAAG has made a calculation of seats. The two Faeroese and the two Greenland seats are not included.

# Political index

Question: Which party would you vote for if the parliamentary election were tomorrow?

Survey period: February 9-22, 1985

(figures express percentage)

<u>Party</u>	<u>Jan. 10, 1984</u>	<u>Oct. 1984</u>	<u>Nov. 1984</u>	<u>Dec. 1984</u>	<u>Jan. 1985</u>	<u>Feb. 1985</u>
Social Democratic	31.6	32.1	30.1	33.4	30.7	32.6
Radical Liberal	5.5	4.9	5.7	4.2	4.4	4.2
Conservative People's	23.4	24.4	25.6	24.2	25.6	25.4
Justice Party	1.5	--	--	--	--	--
Socialist People's	11.5	12.1	13.5	12.7	13.3	11.6
International- socialist Workers Party	0.1	--	--	--	--	--
Communist	0.7	--	--	--	--	--
Marxist- Leninist Party	0.0	--	--	--	--	--
Center Democrats	4.6	4.2	4.3	4.4	3.6	3.7
Christian People's	2.7	2.4	2.5	2.4	2.7	2.1
Liberal	12.1	11.5	11.7	12.4	12.0	12.0
Left Socialist	2.7	2.1	2.0	2.1	--	2.4
Progress	3.6	3.8	2.3	2.0	3.3	3.4
Other parties*	--	2.5	2.3	2.2	4.4	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

\*Parties with less than 2 percent of votes

To be reprinted only if Gallup and BERLINGSKE are cited as sources.

POLITICAL

DENMARK

# LIBERAL PARTY HOPES NEW SLOGAN, IDEAS TO HALT DOWNTURN

## Shortage of Members, Funds

Copenhagen INFORMATION in Danish 2-3 Mar 85 p 1

[Article: "Liberal Party Loses Members; Ruling Coalition Party Forced to Economize Again"]

[Text] One of the ruling coalition parties--the Liberal Party--is losing members. According to the latest membership report for 1984, the party now has 86,962 members, while there were 100,000 members as of the beginning of 1979.

Simultaneously, the Liberals have economic problems. According to what is available to INFORMATION, the Liberals have been forced to make stringent cutbacks of their budget. And at the latest Commercial Committee meeting, the chairman, Foreign Minister Uffe Ellemann-Jensen, appealed to the party generally to economize further.

The Liberals' vice-chairman, Member of Parliament Hanne Severinsen, confirmed to INFORMATION that "there is a steady decline of members in the Liberal Party."

"But I do not believe that we are losing members more than other parties. Of course, we would like to have more votes and also more members. But I do not believe that we are fixated on that. Three years ago, when we were not one of the ruling coalition, we then were fixated on that. It is probably related to the fact that we came forward with one plan after another, for which we took a beating."

[Question] "Is it not a little bitter that despite everything, it is the Conservatives who reap the fruits of the efforts of the four-party coalition as respects voters, when at the same time, it is the Liberals who hold the ministerial posts--Social Welfare, Interior and Education--which must implement a lot of unpopular savings?"

[Answer] "Yes, that is correct; we take many of the blows. But I believe that the majority have a quite good motivation to work as long as it is felt that there is a reason to take the beatings. We would loose our humor more if we felt that the government was about to falter," Hanne Severinsen states.



The liberals have just inaugurated a major debate theme under the motto, "From Welfare State to Welfare Society." The objective of the debate initially is to strengthen the Liberal's profile with a view to the municipal election in November this year. The background is particularly the fear among Liberal politicians that the Conservatives will make a serious intrusion into the Liberals' voter constituency in the elections for municipal leaders and county councils.

#### Welfare State Reform Stressed

Copenhagen INFORMATION in Danish 2-3 Mar 85 p 4

[Article by Stig Albinus: "Liberal Party to Confront Welfare State"]

[Excerpts] The pioneer era of the four-party coalition government is over. There is now the need for thorough liberal reforms of the society which has been administered by the Social Democrats in a manner which declared the citizens incompetent, the Liberals believe. Liberal vice-chairman Hanne Severinsen wants reforms which will give people more responsibility for their own lives.

The Liberal Party, a member of the ruling coalition, believes that it is time to put an end to the Social Democratic welfare state. The four-party coalition government's pioneer era is over and there is a need to come forward with basic reforms which will move the society in the direction of a liberal social model, according to trend-setting forces within the party.

The Liberal vice-chairman, Member of Parliament Hanne Severinsen, confirms that it is the VKR [Liberal-Conservative-Radical Liberal] syndrome--that is, fear that the four-party coalition, like the VKR government from 1969-72, merely will end up administering the Social Democratic Denmark--which is contributing to the fact that the Liberals, through their information committee have inaugurated a broad debate among the members under the caption "From Welfare State to Welfare Society." In a Liberal reform proposal conceived by Liberal financial-policy chairman, Anders Fogh Rasmussen, the major theme of the theoretical debate is fixed: "Stop the Administered Society."

"The Liberal Party wants a reform of the welfare state. The welfare state is too one-sidedly based on formula and approved public initiative. We also have a need to take advantage of the self-productive forces within families, living environments, local societies, associations and workplaces. In short: we will change the welfare /state/ to a welfare /society/."

#### Determinative Timing

The views actually are not new. The Liberals have asserted them for a number of years. When the establishment of an internal "perspective committee" among the parliamentary delegation--which was discussed in INFORMATION two weeks ago--and the statements of Anders Fogh Rasmussen to SONDACSAVIS, however, created a furor--not the least among the other governing parties--then it is the timing which is the cause.

The Liberal Party has asserted itself energetically and consistently on the subject of subsistence benefits with a demand for the establishment of a court commission--in open conflict with the Conservatives and Center Democrats. Thus, it became imperative for the other ruling parties to attack the Liberal's declared need for more strongly asserting the party's individual profile within the cooperative government. Quite simply, the Liberals should receive a "thank you," as a member of the Liberals' parliamentary delegation expresses it.

But the timing of the Liberal's ideologic forward-thrust was not accidentally chosen.

#### Fear of Municipal Election

In the foreward to the Liberals' reform proposal, the Liberal Party does not hide the fact that the primary objective of the theoretical debate is to strengthen its profile in the coming municipal election in November this year. It states, among other things: "The ideologic debate has two phases. The first phase is up to the municipal election in 1985. During this period, the debate must be undertaken along with the important preparation for the municipal election. . . . The second phase is the period from the municipal election and continuing to September 1986."

The Liberal Party is worried that the Conservatives' advance among voters will cause a breakthrough as well in the municipal election. During the recent county council election, the Liberals received about 19 percent of the vote, the Conservatives about 16 percent and the Progress Party, a good 7 percent. The Liberal Party traditionally does well in municipal and county council elections. But the Conservative wave continues with undiminished force, and the Progress Party is about to receive a major defeat which can mean that the party will loose as much as 5 percent of the voters. And it is probable that the unstable Progress Party voters will drift primarily to the Conservatives.

The risk of a marked decline in votes for the Liberal Party exists. This will hurt--not the least within the party's core.

In addition, the Liberals in recent years have lost members in large numbers. The party's economics are squeezed. And there is a need to rearm the party if it is not to be only the Conservative Party which will reap the benefits of the efforts of the four-party coalition.

#### Politicians Limped Behind

Liberal Vice-chairman Hanne Severinsen belongs to the leading Liberal politicians who most strongly have expressed the necessity for the party to implement a marked liberal reform policy in order to change the institutionalized society:

"Since the 1960's, we, as politicians, have limped behind the developments where we have implemented band-aid solutions. We have gotten women out into the labor market and thus, there are many functions which have been taken over by society. This has been rather expensive and rather institutionalized," Hanne Sererinsen states.

[Question] "What has the four-party coalition done which moves in this direction?"

[Answer] "One can say that the budget reform which has been implemented introduces the 'pocket-money principle.' 'The overall-framework principle' means that every time we have a new idea, we ourselves must find money for it. That has introduced considerable creativity. One can see in the education sector where it has succeeded in introducing a series of new forms of training while simultaneously saving money. I believe that one can say that we thus have made a small beginning."

[Question] "But the efforts of the government primarily have been to implement a strict economic policy, while not much has come out of the theoretically rich liberal reform."

[Answer] "We have strived toward wanting very much to debureaucratize. But if one inquires out in the cities, they do not believe that we have done particularly much. It also is difficult to debureaucratize with the rules which we have. Notwithstanding that some rules are removed, other restrictions nonetheless will arise. Before one can debureaucratize the public sector to its core, we must also look at the structure of labor unions and organizations and the seriously conservative structure of the business community."

[Question] "There has been talk about the VKR-syndrome--the fear that the non-socialist government also will not leave any longterm mark on the Danish society, and that the government will end up only administering the Social Democratic welfare state. Do you also see that danger?"

[Answer] "Yes, that is clear. If things begin to go a bit better, one begins to relax and say that now we have saved and things are all right. We in our party are very concerned that we must seriously attempt to end the welfare model. If we content ourselves with cleaning up the economy a bit, the basic problems will just continue. In reality, it is a question of mechanics and not just cutting some things away here and there."

#### Coalition Partner Criticizes 'Crusade'

Copenhagen INFORMATION in Danish 8 Mar 85 p 1

[Article by Stig Albinus: "CD Attacks Liberal Party 'Ideologic Crusade'"]

[Text] "I thought the debate was over," states Liberal Party group chairman Ivar Hansen.

The Center Democrats' national chairman, Peter Duetoft, now is strongly attacking the Liberal Party for conducting an ideologic crusade.

In an editorial in the Central Democrat [CD] newspaper, CENTRUM-AVISEN, with the title "Ideology--No Thanks," he attacks the Liberals' "unbelievable need to assert ideologic positions."

This is occurring with the background of the recent debate concerning the Liberal Party's desire to assert a stronger profile within the coalition government and as a direct response to the recent public upheaval among the ruling parties concerning a position on the crisis-ridden non-profit housing construction industry.

Peter Duetoft asserts that "it is easy to dig ditches. But it is also dangerous. The ditches between the four ruling parties can lead to difficulties for the government as a whole. And that is something which no one wants. One can hope that the effort at asserting a separate profile is due to the current municipal election. The large parties undoubtedly want to retain as many posts as possible in this election. And the leadership can feel the need to make a statement. But municipal positions can cost too much. How many mayoral posts make up for a prime minister or a foreign minister?"

#### Fogh Rasmussen's Pure Goods

Peter Duetoft writes that for years CD has opposed politics which are built only on empty ideology, whether from the right or the left. "CD is not made up of liberals, but we also are not anti-liberals. CD is not made of socialists, but we also are not anti-socialists. CD will evaluate everything for itself according to what we find practical irrespective of whether it is one camp or another which proposes it."

"This position separates us significantly from the older parties. Apparently the Liberal Party at the moment has the unbelievable need to state ideologic positions. Therefore, on a couple of occasions they have sent Anders Fogh Rasmussen to battle for pure goods. This has succeeded in hindering CD's favorable position regarding non-profit construction."

"Some non-socialist politicians often assert that a non-socialist government which does not pursue ideology in the open is a fiasco. That one will not be an administrator. That one must be an ideologic reform government. If this is the goal, then one has forgotten to take CD into consideration. CD has no ideology. . . . If one chooses an ideologic crusade, one will easily have a political war in Denmark, which the government possibly will loose--to the pleasure of some few, and to the regret of many," CD's national chairman writes.

#### Ivar Hansen Surprised

The Liberal group chairman, Ivan Hansen, told INFORMATION that he is a little surprised about Peter Duetoft's editorial opinion:

"I thought the debate was closed. But once again I feel the desire to comment on CD's position on various matters, especially on the principal plan. We are four independent parties. That which interests me is whether the ruling parties can agree on a common policy. And up to now, we have succeeded fantastically well. That is due among other things to certain primary areas which have had the label "liberalizing/modernizing" of the public sector. And it has been the general economic policy which has enabled firms to better

manage on their own and to become less dependent on public subsidies and help from the public coffers. There have been some projects premised on the idea that the municipalities should experiment with other methods of doing things, that is, free municipal projects. To a great extent, these are liberalization projects and also, in our best opinion, expression of a specific position. I believe that one should be a little cautious about blending ideology together with position-taking on these concrete matters. One easily can blend them together."

"That which we in the Liberal Party desire by means of the work of the committee (Editor: the Liberal Party's new Perspective Committee), has been commenced, which already has prepared us for what it is we want the government to strive toward--not just tomorrow and during the course of two months, but during the next three to five years. It does not suffice to take a position from case to case, as Peter Duetoft states. I believe that it is important for the governing parties to discuss in ample time what it is by way of objectives we can achieve and how we can accomplish them. And I hope that CD also will participate in that. I think the entire thing about ideology and position is overblown," Ivar Hansen states.

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POLITICAL

DENMARK

# BOOK WARNS FOUR-PARTY COALITION OF RISKS AHEAD

Copenhagen BERLINGSKE AFTEN in Danish 8-14 Mar 85 p 1

[Article by John Wagner: "Three-Party Coalition Writes Book on Four-Party Coalition Government: 'We Risk Becoming Political Parenthetical'"]

[Text] The Liberal Party's "fearless thinker"--Education Minister Bertel Haarder, the Conservative Party's "chief ideolog"--Member of Parliament Per Stig Moller, and Greenland Minister Tom Hoyem (CD) are publishing a book this fall on their views of the four-party coalition government. They are impressed by the non-socialist cooperation, but nonetheless fear that the government will end like another "housecleaning company" and become a parenthetical in political history.

"While the government's members naturally have a requirement of 100 percent loyalty, in respect for the fact that we are four independent parties, one must give parliamentary groups a little longer rope so that loyalty need not be more than 90 percent. But it is clear that this is our Achille's heel," writes Greenland Minister Tom Hoyem (CD) in the first draft of a book on the four-party coalition government's social views and works.

The working title of the book is "Cloverleaf," and the co-authors are Education Minister Bertel Haarder (Liberal) and the Conservative Member of Parliament, Per Stig Moller. The book is being published by Gyldendal on 10 September--the four-party coalition government's third birthday.

In an interview with WEEKENDAVISEN (on the first page of the second section), Bertel Haarder states, concerning the government's future, that he still fears that there is a significant risk that we will become only a little parenthetical in political history. Per Stig Moller also warns against the government ending up as "another housecleaning company."

Bertel Haarder and Per Stig Moller agree that there is a need for a showdown with the entire Social Democratic social model. There is need for non-socialistic new thinking. Neither Bertel Haarder nor Tom Hoyem feels that there is "a suggestion of back-slipping within the government," as Haarder calls it, but "the three-party coalition" is worried about the many misunderstandings which exist between individual ministers and parliamentary delegations.



"Not all ministers are equally good at holding meetings with the governing parties' leaders such as are talked about and extremely important if the parliamentary foundation is not to crumble," Per Stig Moller states.

In order to counter the misunderstandings, CD's parliamentary delegation next week will take the initiative toward creation of new communications between the ministers and the parliamentary delegations. Tom Hoyem advises that CD's group will invite Social Minister Elsebeth Kock-Petersen (Liberal) to a "joint council" with the group in order to provide an orientation on forthcoming proposals.

Both Bertel Haarder and Per Stig Moller welcome this initiative and state that such direct contacts between a parliamentary delegation and ministers of other of the governing parties perhaps can prevent many of the disagreements which have existed since the new year.

Up to now, communication has been indirect in the manner that, for example, the Conservative parliamentary delegation has received information on proposals from the Liberals' Bertel Haarder via a Conservative "contact minister" or the Conservative leader who perhaps has been to a leadership meeting with the minister. In this fashion, the "ordinary" Conservative members of Parliament have not had the opportunity for a direct contact with the ministers from the other governing parties.

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POLITICAL

DENMARK

CENTRAL BANK CHIEF URGES GOVERNMENT ACT ON DEBT CRISIS

Copenhagen BERLINGSKE TIDENDE in Danish 20 Mar 85 p 1

[Article by Anne E. Jensen]

[Text] The National Bank finds the trend in the balance of payments disturbing. The foreign deficit will force interest rates up unless some steps are taken in the direction of financial austerity, in other words higher taxes or more savings cuts.

Regardless of the contract limits that result from the compromise negotiations that resume tomorrow or the consequences of a political intervention in connection with a major labor conflict, we will need a policy of financial austerity.

National Bank director Erik Hoffmeyer refused to get involved in the debate on the contract result in speaking to BERLINGSKE TIDENDE, but he did express grave concern over the large foreign deficit that is threatening to force interest rates up again. Thus he indirectly supported the view that a financial intervention is necessary.

Most economists now estimate that the balance of payments deficit will be the same size as it was last year, in other words close to 17 billion kroner. National Bank director Erik Hoffmeyer feels this is unacceptable.

"There should be a substantial reduction of the balance of payments deficit this year and preferably it should be cut in half," he said.

There are mounting expectations in financial circles that a financial policy intervention is imminent due to balance of payments developments.

Among other things the high exchange rate of the dollar and continued high interest rates abroad have upset the basis for economic forecasts. A small decline in the foreign deficit was predicted for this year.

If the government does not step in currency policy will have to bear the brunt. In other words interest rates will rise.

This was pointed out by Professor Claus Vastrup of Arhus University, one of the country's leading experts on currency policy.

In response to this National Bank director Hoffmeyer said that currency policy is not the best tool to use in changing developments in the balance of payments.

"A high interest rate would adversely affect investments and we have also seen that tightening up currency policy is neutralized to a certain extent by increased capital imports, so we do not get much of an effect from it."

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POLITICAL

DENMARK

PAPER UNDERLINES SERIOUSNESS OF TRADE DEFICIT

Copenhagen BERLINGSKE TIDENDE in Danish 21 Mar 85 p 12

[Editorial: "Counting Down to Zero"]

[Text] A few days ago BERLINGSKE TIDENDE called for an official evaluation of the economic course toward which the country is currently heading. This was based on the fact that all the recent evaluations are based on assumptions that are at least 6 months old and several of the most important ones have changed substantially since then. Such an official statement came yesterday in the context of developments in the balance of payments. The director of the National Bank finds the developments disturbing. The deficit is on the way up and as a result of this interest rates will be forced up too. There is a need for economic intervention right now in the opinion of the National Bank director.

Last year the balance of payments deficit was a good 16 billion kroner. According to the latest official announcement the 1985 deficit should end up around 13.8 billion kroner. No one believes that figure any longer. The exchange rate of the dollar, interest levels and foreign trade make a figure of 17 billion kroner more realistic. We are far enough into 1985 that the possibilities of a good result for this year are almost nonexistent.

When the government took office it said that the economic problems left behind by the Social Democratic governments were extremely great. So great that immediate steps must be taken of a nature that would have been hard to imagine just a few years ago. Unless the previous line was discontinued the Danish economy would sink so low that much more radical methods would have to be employed.

The major problem in the Danish economy was and still is the balance of payments deficit which has now given us a foreign debt of around 225 billion kroner and we have still not managed to reduce continued indebtedness. Much less check it altogether. The government's goal for the recovery policy was also quite clear on this point. The continuing deficit situation with regard to the balance of payments should be brought to a halt by 1988. Now we are close enough to that point in time that it is possible to evaluate the requirements for a countdown to zero. The possibilities for a substantial improvement

in the current year are limited. This means that there are about 2 1/2 years left in which to reduce a deficit of around 17 billion kroner to zero. With the necessary exemption of investments a reduction of this magnitude will require an unusual combination of luck with respect to exchange rates and interest developments and a drastic reduction of the domestic demand for public and private consumption. With the present direct and indirect import content of public and private consumption an unprecedented limitation of consumption would be needed to reduce imports by an amount that would make it possible to meet the government's goal for the balance of payments.

It is hard to free oneself from the thought that the politicians and the people have not yet become aware of the real extent of the balance problems in the Danish economy. If they had the thoughts that are currently circulating about incomes and consumption would have an entirely different content. A balance of payments development of the kind heralded by the National Bank director is quite irreconcilable with the government's recovery policy, of course.

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POLITICAL

DENMARK

# RISE IN PERSONAL CONSUMPTION WOULD WORSEN OVERALL ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 21 Mar 85 Sec III p 5

[Article by Anne E. Jensen: "Wages Rising Less than in Neighboring Countries"]

[Text] The National Bank calls the balance of payments problem a tenacious one but stresses that good results have been achieved for the economy in many areas. Among other things competitiveness has improved markedly. But it is important that total consumption does not increase further.

There are many positive signs in the Danish economy, in the opinion of the National Bank. But balance of payments considerations require a continued improvement in competitiveness and prohibit an increase in consumption.

In the last 2 years price increases have been cut in half and wage increases have been lower here than in other countries. Exchange rate developments have also contributed to an improvement in competitiveness due to the strong dollar.

National Bank calculations show that wage increases when corrected for exchange rate developments were 2-3 percent below the rate of increase for our most important trade partners.

These developments have made possible such a strong expansion in the private sector that employment has risen sharply. This despite the fact that expansion in the public sector has come to a halt.

In addition the National Bank has noted that the threatening trend in the area of state finances has been averted.

But the many favorable signs cannot conceal the fact that the imbalance in the balance of payments is a tenacious problem, the National Bank points out.

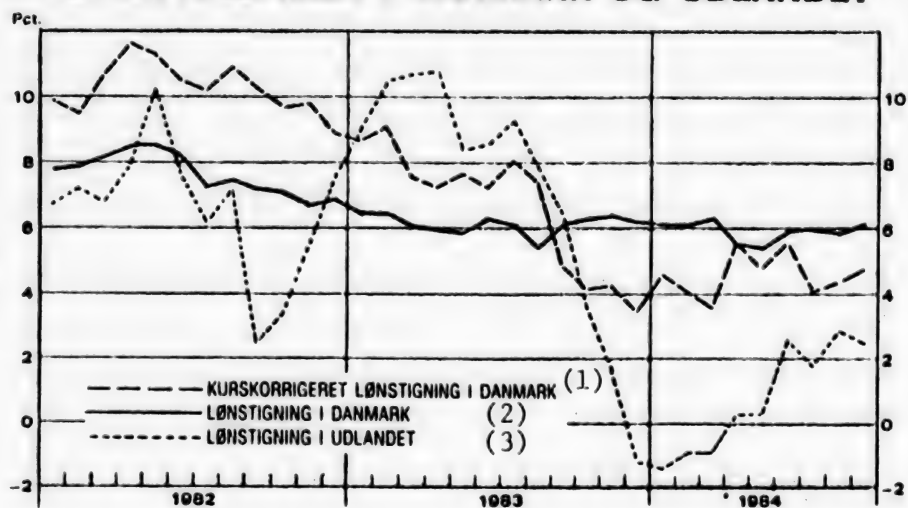
"It requires a substantial, lengthy and goal-oriented effort to create balance so that borrowing can come to an end. Against the background of what has been accomplished, the prerequisites for an improvement should be present, but this means that overall consumption must not be allowed to rise further."

The bank also points to the need for continued improvement of competitiveness.



We must count on a continued moderation of price and cost developments by our trade partners.

## LØNUDVIKLINGEN I DANMARK OG UDLANDET



### Wage Developments in Denmark and Other Countries

In 1985 Danish wage increases fell below those in other countries and stayed there. If exchange rate developments are also taken into consideration, competitiveness improved even further.

Key:

1. Wage increases in Denmark corrected for exchange rate trends
2. Wage increases in Denmark
3. Wage increases in other countries

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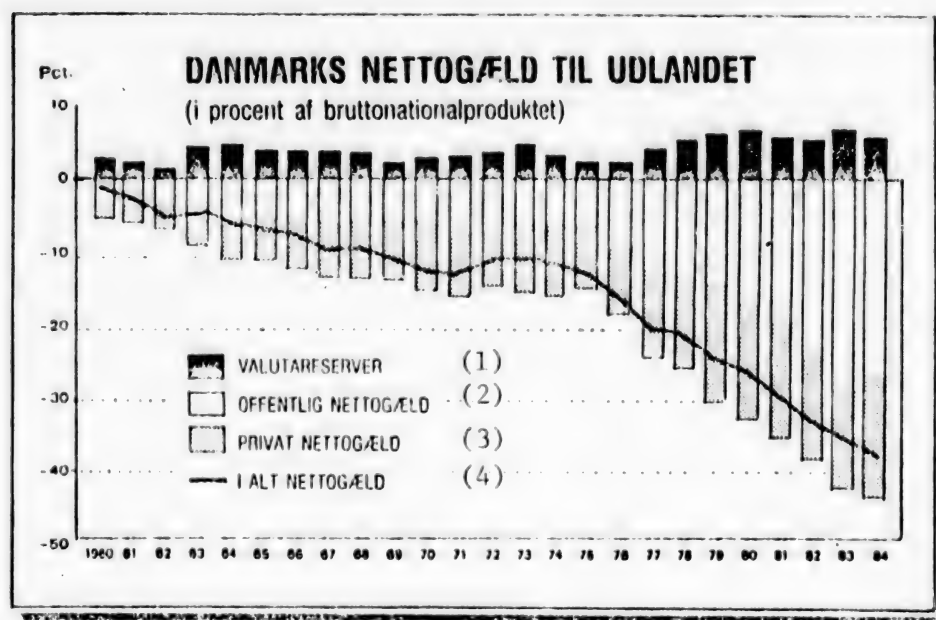
POLITICAL

DENMARK

CREDIT WORTHINESS ON INTERNATIONAL MARKET SEEN AT RISK

Copenhagen BERLINGSKE TIDENDE in Danish 21 Mar 85 Sec III p 5

[Article by Anne E. Jensen: "Foreign Debt Puts Us in Unique Position"]



[Text] Denmark's Net Foreign Debt  
(Expressed as Percentage of Gross National Product)

Net debt is the sum of net private and public debt after subtracting currency reserves. It is now as much as 38 percent of total production.

Key: 1. Currency reserves 3. Net private debt  
2. Net public debt 4. Total net debt

With a foreign debt amounting to 38 percent of total production Denmark is in a unique position. The restructuring of the nation's foreign debt and the growing interest in foreign loans on the part of the private sector could mean that the state will be a less frequent guest on international loan markets a few years from now.

Denmark's total foreign debt is now the equivalent of 38 percent of total production.

Indebtedness continues to rise "and has reached a level that puts Denmark in a unique position among the countries with which we normally compare ourselves," the National Bank wrote in its annual report.

In 1960 Denmark was practically free of debt but the debt rose steadily during the 1960's in relation to total production. After some stabilization in the first half of the 1970's the debt rose substantially after the mid-1970's and at a much faster rate than production measured in terms of Gross National Product.

At the end of 1984 Denmark's total net debt was 218 billion kroner compared to 185 billion the year before. The balance of payments increased the debt by 17 billion kroner and the rest of the debt increase came from exchange rate adjustments.

After a number of years in which the public sector was obliged to finance almost the entire debt increase, there was a considerable increase last year in the private sector's share of net debt, according to the National Bank.

Last year the private sector's debt rose 27 billion kroner to a total of 100 billion.

This figure also includes the sale of krone debentures abroad, which is listed as private borrowing.

The state undertook a big restructuring of the debt in 1984. The changes mean that installment payments will fall sharply in 1986 and 1987. Thus the state will be a less frequent guest on international loan markets by then, assuming that it is possible to limit the foreign deficit and the private sector maintains its interest in borrowing abroad.

The National Bank's summary also shows that the restructuring of the national debt and the increase in private borrowing abroad led to a decline in the share of the dollar in our foreign debt from 50 percent at the end of 1983 to 44 percent at the end of 1984.

Private borrowing leans more to other currencies besides the dollar. Thus the Danish krone is a large element in the private sector's debt with a share of 36 percent.

The dollar has a similar share, whereas in the public sector as much as 49 percent of the debt is in dollars.

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POLITICAL

DENMARK

#### INDUSTRY PRODUCTION CONTINUES STRONG INCREASE

Copenhagen BERLINGSKE TIDENDE in Danish 21 Mar 85 Sec III p 2

[Text] Danish industry is maintaining its growth rate even though business leaders recently lowered their expectations.

Industrial production is still rising markedly, with exports and investments guaranteeing continued gains.

Industrial sales in January were 15 percent above sales a year ago, but the increase broke down into a 27 percent increase on the export market and an increase of only 8 percent in domestic market sales.

Measured in terms of quantity, sales rose 10 percent on an annual basis. Thus industry is maintaining a rapid growth tempo. Industrial leaders did lower their expectations somewhat in the latest economic barometer from the Danish Bureau of Statistics. And they are not entirely wrong, for some months in 1984 showed a somewhat stronger growth.

But orders received indicate continued gains for both industrial exports and the investment products industry.

In January orders in terms of current prices were 14 percent above January 1984, with a 10 percent increase on the domestic market and a 20 percent increase on the export market. And orders rose as much as 28 percent for the investment products sector, fairly evenly distributed between the domestic and export markets.

At the end of January the total order backlog was 21 percent higher than the year before and here the domestic market orders were responsible for a gain of 25 percent while export orders rose by 19 percent.

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CSO: 3613/131

POLITICAL

FINLAND

SORSA ON PRESIDENT RACE PLANS, SDP POLITICS, GREENS

Helsinki HELSINGIN SANOMAT in Finnish 17 Mar 85 p 21

[Article by Anneli Sundberg: "Return to The Issue in 1987"]

[Text] Prime Minister Kalevi Sorsa requests to wait 2 years. Then he will know in what direction Finland will be taken. Today he only knows that he wants to be out of the party leadership. Positions are open, but Sorsa is hesitating. Even the chairmanship race is undecided.

Kalevi Sorsa, prime minister and party leader, believes that the average Finn only wants to escape the world. He himself would like to escape, to go away and think.

Sorsa has the same problem as the voters; he knows from where we are coming, but is not able to say where we are going.

"One must write that he has his finger in his mouth," grins Sorsa.

The grin is ambiguous. Sorsa has great confidence in the ability of the press to misinterpret.

In the Social Democratic Party Council Sorsa suspected that the nation does not want anything else but to seek strength from the basic dream, from Timo's sleepy moss hut in the Seven Brothers.

"Withdrawing from the world into the softness of the woods. This is the dream of the descendants of a forest-cottage people."

[Question] Even your dream?

[Answer] Even mine. But one cannot live by this.

Sorsa says that he is half serious in quoting from Aleksis Kivi's dream of a moss hut.

People and parties need time to deliberate the future. Sorsa does not consent to calling his own, the party's, and the nation's situation as a state of indecisiveness.

"It is called maturing. We will return to this matter in 1987."

Sorsa, as even other politicians, perceives hostility around him. It is directed at everything big -- parties, labor market organizations, and perhaps even big people. Indeed, Sorsa has not exactly mentioned them.

Extensive income policy agreements have been worthwhile economically, but they have spiritually depressed their makers as well as recipients.

Even Sorsa admits that income policy cannot be the purpose of human life.

"Even dramatics is a value in life. Who wants to sit at home bored when one can enjoy oneself in the labor markets, among other things."

[Question] At strike rallies, among other things?

[Answer] Among other things.

The sally is accompanied by a sly grin.

A Rather Bad Start

In spite of everything, Sorsa is ready to be a guarantor even next winter if an income policy agreement is reached.

"But it seems to me that we have made a rather bad start. It may be that in 1986 we will end up with contracts with individual unions, but we have been able to manage even with them. It will not be the end of the world."

Sorsa is ready himself to clear away the obstacles to next winter's contract negotiations. He has threatened or promised that the rules of the game in the labor markets will be worked out in the government unless labor market leaders take on this task themselves.

"I could predict that the government's solution will include some positive things for the workers. The matter has not yet been discussed in the government."

[Question] Strike benefits will apparently not be taxed?

[Answer] Definitely not.

When necessary, the Social Democrats and Communists will work together in the trade union movement. No other cooperation is in sight until the Communist Party has straightened out its problems.

[Question] Is the SDP ready to enter into government cooperation with the larger faction of a divided SKP [Finnish Communist Party?

[Answer] This is the premise from which we should begin, but the situation would be rather problematical. The political arena is even, otherwise,



splintered. If it becomes even more splintered, the creation of cooperative arrangements will become difficult and tactical designs will become even more complicated. But one must continue to try.

### The Green Is Fading

[Question] Just a few years ago the Social Democrats as well as the Conservatives believed that they would soon rule the country between themselves. What went wrong?

[Answer] In this respect we seem to be in deep waters. It is not known in which direction to proceed. It seems to me that the seemingly effective breakthrough of the Greens will not go too far. It seems to be drying up on the spot. The same applies to the Rural Party. It may be that Finland's policy needs great new goals. No one has yet placed them on the table.

[Question] Are they in the SDP chairman's pocket?

[Answer] A typical question coming from a journalist looking for news. If I say there are no ready goals, leave us some time to think, you will then write that Sorsa had his finger in his mouth.

### Conflicts

Sorsa's Party Secretary Erkki Liikanen is promoting a new, more aggressive line for the party. Tough demands have greater public visibility.

[Question] Has Liikanen acquired his knowledge from the Communists' policy of a penny-better politics?

Sorsa admits that there is some unavoidable tension between the government faction led by himself and the party leadership represented by the party secretary.

[Answer] I myself have wrestled with the same issue outside of the government, the issue that the objectives of the Social Democrats are not sufficiently visible. This is a natural viewpoint for the party leadership. The government faction, on the other hand, considers it important that the internal work of the government succeed. One has only to live with this conflict.

[Question] Does Liikanen's aggressiveness mean a continuing quarrel in the government?

[Answer] Insofar as I correctly understand Liikanen's thinking, he is, above all, aspiring to make the party able to present its objectives clearly and to keep their number down in order not to obscure their significance.

[Question] This is certainly not populism as are the goals of other parties?

[Answer] The objectives were selected in a way that they would be important from the point of view of party ideology.

## Publicity Hounds

Sorsa sees plenty of populists in places other than Erkki Liikanen's office.

"I have looked at the news report on the party council. The SDP's relevant aspirations did not exactly receive attention. The fact that the president needs time to work in peace and that Sorsa quoted A. Kivi was considered newsworthy. Serious aspirations are not considered newsworthy. This is a problem since it entices politicians and parties to adopt a highly visible style. Political visibility is what is newsworthy.

[Question] Are politicians so stupid that they will allow the press to pump up their egos?

[Answer] I cannot speak for the whole community of politicians, a more contradictory and divisive community cannot be found, but publicity is of great importance to a politician. It is by means of publicity that voters, members, and supporters receive their impression of that segment of society which is not in their immediate realm of experience. A politician does not need publicity in order to bask in it, but to bring to the knowledge of the people what he is thinking and to what he is aspiring.

[Question] Is this why you are always challenging the press to a debate?

[Answer] I am not joking any longer. This can be done if one wants a bloody nose. This time I do not want one.

Games, Games!

At the Social Democratic newspaper festival Sorsa at that time argued that only party editors in Finland support democracy.

[Question] Were you serious?

[Answer] I did not intend this statement for the general public, but it was not an unfounded argument although I do not want to say that all the others are enemies of democracy.

[Question] You do not like a presidential debate, but can it be restrained any longer?  
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[Answer] In my opinion it does not serve any beneficial purpose. Subjecting the president at this time to the candidacy of some segment of Finnish society is detrimental.

I cannot and do not want to limit a debate, but it is too soon to make any decisions.

[Question] You will not have any objections if the president wants to continue in office.?

[Answer] I will tell you in a year and a half or 2 years.

This is the time the president himself has determined as a moratorium for self-reflection.

Will Run or Not Run

Sorsa does not have such a moratorium. He himself has declared the game to be open in the Social Democratic Party. Anyone can now aspire to the chairmanship.

[Question] Have you made a decision?

[Answer] My personal position has remained unchanged.

[Question] Or?

[Answer] Or that my desire is to find more peaceful waters in 1987.

[Question] Are more peaceful waters on the horizon?

[Answer] Ooh...one or another thing has been discussed, but there is no clear choice.

[Question] It is being generally predicted that you will, however, continue?

[Answer] Such has been written, but I read this and am amazed at what is being written.

[Question] Could there arise a situation in which you would run?

[Answer] Perhaps there is a certain percentage possibility of this, but in my opinion there are some especially strong and experienced politicians in the party so that it should be possible to find a successor among them in 1987.

A clarification phase is currently in progress in the party as Sorsa describes the situation. This probably means that the candidates are quietly attempting to strangle each other to death in a gentlemanly manner.

So far three equally strong names have appeared: Erkki Liikanen, Matti Ahde, and Pirkko Tyolajarvi. In addition to them, there is a large group of dark horses or those who imagine themselves as such.

[Question] Chairman Sorsa, who is your candidate?

[Answer] I do not have any. In leaving other places I have noticed that one should not look back too much. They will take care of things. Regrettably, a person is not as indispensable as one would like to be.

[Question] What is expected of a chairman of the SDP?

[Answer] To me it seems audacious to suddenly propose suitable properties since then it would be easy to suggest to whom they apply and to whom they do not. It is, of course, a demanding position, a rather important job in Finland.

Under Sorsa's leadership the SDP has become a visible party in the Socialist International. Sorsa and the SDP are also well known in the socialist countries.

In Sorsa's opinion even a new chairman must be capable of understanding international issues, but not necessarily in the original language.

"The lack of language proficiency is not an overwhelming obstacle," says Sorsa and gives the impression of a man who has drank too much political cream.

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POLITICAL

FINLAND

# SAARINEN PROFESSES DOUBTS REGARDING MARXIST LABOR THEORY

Helsinki HELSINGIN SANOMAT in Finnish 18 Mar 85 p 11

[Article: "Saarinen Does Not Believe in Communists' Employment Policy"]

[Text] SKDL [Finnish People's Democratic League] Vice-Chairman and former SKP [Finnish Communist Party] Chairman Aarne Saarinen has begun to doubt the reasonableness of the Communists' traditional employment policy. He pointed out on Sunday in Uusikaupunki that the Communists have become accustomed to proposing that unemployment can be alleviated in a capitalist system by increasing the solvency of the working class and through it consumer demand.

"Recently I have begun to doubt the rationality and above all the wisdom of this traditional thinking. In certain conditions it is undoubtedly correct and reasonable. But when society has changed in such a way that consumption has become the primary issue in maintaining and expanding production, this traditional requirement no longer seems to be rational," stated Saarinen.

Saarinen says that he has come to the understanding that unemployment cannot be eliminated or alleviated to any noteworthy degree in so-called developed capitalist countries. Consumption in them is already excessive in his opinion.

The speaker emphasized that the continuing growth of consumption and production is also questionable from the point of view of morality and well-being. He referred to waste and environmental problems and also to the question of developing countries.

Saarinen asked what sense there is, for example, in the fact that styles are changed twice a year. He also pointed out that there are separate sections for high quality dog and cat food in the markets and grocery stores while millions of people are dying of starvation elsewhere in the world.

## Niva As A Second Family Car

Saarinen has observed that the Niva automobile is favored as a second family car to pull mobile homes while hundreds of millions of people cannot even imagine owning a modest bicycle.

"I know that these are strange communist ideas since I have actively participated for decades in the struggle to raise the standard of living. I am still of the opinion that there is a large group of people in this country, for whom consumer opportunities should be increased, but this is not necessary as far as everyone is concerned. On the contrary. There is a large group of people whose consumption should be reduced. This is possible only by narrowing the gap in income differences," stated Saarinen.

Saarinen also said that in his opinion the workers' movement has done nothing for a long time and is, therefore, in need of a new utopia if it intends to live and become stronger.

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POLITICAL

FINLAND

# CP STALINIST PAPER SEES PITFALLS IN JOINING EUROPEAN SPACE AGENCY

Helsinki TIEDONANTAJA in Finnish 19 Feb 85 p 25

[Article: "Viewpoint of Foreign Affairs Ministry: 'No Foreign Policy Risks'"]

[Text] Finland's possible entrance into the European Space Agency (ESA) involves no foreign policy risks.

This was the appraisal of the Foreign Affairs Ministry's "spaceman," assistant department head Holger Rotkirch, who is conducting negotiations between Finland and the ESA.

"If the request made by our country for membership is accepted, we ourselves can choose those projects taking place in the ESA framework in which we want to be involved," says Rotkirch.

He does not in any way exclude the possibility that Finland's industry would also be able to share in orders linked to the Columbus project.

Negotiations with the ESA are entirely open at this stage, because the agency still has not even decided whether it will begin to discuss Finland's proposed affiliate membership. The ESA will decide on it at the end of this month, after which proper negotiations on the conditions for membership can be started.

Finland's aim is for our country to be a full member of the ESA after an affiliate membership lasting about 5 years. Affiliate membership is a kind of trial period during which it becomes clear whether we have reason to apply for full membership, says Rotkirch.

What Benefit?

How does Finland then benefit from entrance into the European Space Agency? "It proves to be beneficial to the research and industry which produce our country's high technology," says Rotkirch, concisely justifying Finland's affiliate membership. According to him, technology related to satellite mapping and telecommunications is at the top of the list. The ESA's decision to develop a new Ariane ferry rocket, for example, does not belong to those areas of space research in which Finland would invest.

Sometime in the next decade the Ariane project is supposed to give birth to Western Europe's own "minishuttle," for which military use is also scheduled.

#### Why Not Together With USSR?

Along with the United States, the Soviet Union is the other superpower in space research. For example, in comparison with Western Europe's space research--which is in its infancy--the Soviet Union is a giant step ahead. Does this not provide Finland with more possibilities for collaboration than entrance into the ESA?

It is admitted in the Foreign Affairs Ministry that collaboration with the Soviet Union has not been studied in the same way as the possibilities offered by the ESA. The Soviet Union apparently does not have the same kinds of projects as the ESA, suspects Rotkirch. He explains the word "apparently" by the fact that he is not a scientist familiar with the field.

#### Parliament Decides

The final decision on entrance into the ESA is made by the Parliament; the draft agreement comes to it for consideration after negotiations have been conducted between Finland and the European Space Agency. Some in the Parliament have been surprised that up until now the representatives have not been adequately informed of the maintenance of contacts between the ESA and the Foreign Affairs Ministry. The acronym ESA is entirely unknown to most parliamentary representatives; still less do they have any knowledge of the agency's activity. Doubts have also been raised about claims made by industry that Finland will fall behind in space research and its beneficial application unless our country joins the European Space Agency. Additionally, some parliamentary representatives hope that Finland thoroughly investigates the possibilities for collaboration which the Soviet Union's space research offers. One also looks with disfavor at entrance into the ESA because the largest West European NATO countries which are largely responsible for the agency's budget also have the commanding voice in the agency.

#### Cooperation With USSR Modest

Within the framework of the committee for scientific-technical cooperation between Finland and the Soviet Union, the decision has been made to clarify the utilization of Soviet space technology for satellite mapping, geodetic surveys and studies of the magnetosphere. This was confirmed when the scientific-technical committee convened its 30th session in Helsinki last summer.

Finland's acquisition of Soviet satellite pictures on a commercial basis was discussed. The use of Soviet satellite pictures has already taken place earlier in geological collaboration.

A work group set up by the committee's Finnish participants reported on the management of space cooperation in the scientific-technical committee and explained the possibilities for collaboration.

However, collaboration in this direction seems to be advancing at a modest pace.

The Soviet Union has brought up the idea of training a Finnish cosmonaut and having him participate in a joint flight with Soviet cosmonauts.

In the report published in 1980 by the work group for space technology, possible international collaboration in this field was limited to Western Europe and the Nordic countries. The work group's point of departure was exclusively the export and product development needs of Finnish industry.

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POLITICAL

FINLAND

BILL WOULD PREVENT NUCLEAR ARMS COUNTRY

Helsinki HELSINGIN SANOMAT in Finnish 1 Mar 85 p 2

[Editorial: "Foreign Nuclear Weapons To Be Illegal"]

[Text] The government's nuclear energy bill presented to parliament contains a noteworthy point, which touches upon the heated security policy debate on nuclear weapons of a couple years ago: the importing of foreign nuclear weapons into Finland will be made illegal.

In connection with the so-called soothsayer debate it became publicly confirmed that in fact there is no legal agreement which would prohibit the deployment of nuclear weapons on Finnish territory for the benefit of a foreign country. No such obstacle is included in the Paris Peace Treaty or in the 1968 nuclear ban treaty. It prohibits the deployment of nuclear weapons remaining under the control of the nuclear states on the territory of another state.

President Mauno Koivisto wanted to conclude the debate at that time by declaring at the closing ceremonies of parliament that Finland will not permit nuclear weapons to be imported to its territory. Koivisto repeated his position at the UN General Assembly and in this way emphasized that Finland's nuclear-free status is "complete in the full sense of the word". However, he admitted in connection with a newspaper interview that "looked at from legal point of view nuclear weapons could be deployed on our territory in certain prescribed instances". The issue is not changed by the fact that in 1962 already the Finnish Government informed the secretary general of the UN in appealing to its neutrality that it will refuse to accept nuclear weapons on its territory for any country's benefit.

President Koivisto labeled the whole debate as purely a matter of legal theory and insulting to the Soviet Union. The Soviet Union has never taken a stand on the issue or on Koivisto's statements. According to experts, the Soviet Union should not have an actual need for placing nuclear weapons on Finnish soil even in a possible crisis situation. In connection with a Nordic nuclear-free zone it has also offered to give guarantees concerning the issue.

Even though political obstacles to the importing of foreign nuclear weapons to Finland are quite forceful, the creation of legal obstacles has also been seen

as important. The promotion of a nuclear-free zone serves these objectives in part.

A ban contained in our own nuclear energy legislation is one step in this direction even if it does not carry the same weight as a treaty between states. In any case there is a desire to make it clear that the nuclear weapons of foreign states cannot be imported to our country according to the laws of Finland -- not even in connection with short naval visits.

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POLITICAL

FINLAND

PAPER COMMENTS ON COUNTRY'S STAND ON NORDIC ZONE

Helsinki HELSINGIN SANOMAT in Finnish 1 Mar 85 p 2

[Editorial: "Nuclear-Free Zone An Eternal Question -- What Happens Before?"]

[Text] The promotion of a Nordic nuclear-free zone has for a long time been a favorite project of Finnish foreign policy, it has become a central theme of the so-called foreign policy liturgy. For a long time we did not receive a favorable response from the other Nordic countries. The situation has changed in the minds of many in recent years. The project has generated a lively public debate in all the Nordic countries. Plans are now in the making for a special zone conference of Nordic parliamentarians.

Still, one fact has remained nearly unchanged: the establishment of a Nordic nuclear-free zone has not really come any closer to becoming a reality. This was demonstrated again by the speeches of political editors at the security seminar, in which the ambassadors of the Soviet Union, Sweden, and Norway participated together for the first time.

Our foreign policy leadership is, of course, aware of the state of affairs. At the same time the premise has justifiably been that our role does not include a submission to passiveness in security questions regarding our own immediate area. The continuing nuclear arms buildup and weapons technology developments of the super powers also create new threat scenarios on the periphery of the Nordic area.

In his New Year's day speech President Mauno Koivisto reiterated his predecessor's 1978 appeal to the nuclear powers for a ban or a limit on cruise missiles. Koivisto, however, did not go as far as President Kekkonen. At that time Kekkonen considered that in the name of their own interests the Nordic countries should enter into mutual negotiations or into negotiations on arms control with the super powers concerned. Koivisto's caution in giving advice to the other Nordic countries on understanding their own interests was certainly prudent since, for example, Sweden's Olof Palme was not even enthusiastic about Koivisto's cruise missile appeal.

Foreign Minister Paavo Vayrynen has given signs of readiness for greater initiative -- certain statements, which have aroused attention but have remained somewhat enigmatic, point to this. At the seminar of political editors, he



demanding an attempt as a continuation of a certain Stockholm conference to take actions going beyond the Nordic area to include the rest of Europe for strengthening confidence and security.

In a speech delivered in Stockholm a couple months ago Vayrynen considered that in addition to promoting a Nordic nuclear-free zone, the Nordic countries could try to find "such areas of military action in which the Nordic countries themselves as well as the leading super powers would have an interest for developing systems that would increase trust and security".

Vayrynen has not consented to spell out in concrete terms what he means by this. Presumably, he with reason is afraid of stepping on President Koivisto's toes; indeed the president has announced that the administration of foreign policy is his primary responsibility.

Vayrynen, who became impatient with the lack of prospects regarding the debate on a Nordic nuclear-free zone a couple years ago already, proposed in his capacity as the leader of the Center Party the establishment of a narrower nuclear-free zone in the Arctic area of the Nordic countries. In Vayrynen's opinion such a mini-zone could be an intermediate objective on the way toward the accomplishment of Kekkonen's original plan. The proposal, however, was said to be just as unrealistic as the original proposal and it was quickly forgotten.

This time there may be a different kind of substitute solution in the foreign minister's mind. The already existing voluntary obligations and practical measures, which the Nordic countries have adopted with respect to security policy on their own territory, could be assembled in a joint paper as its basis. Their number is already considerable.

Thus Denmark and Norway have refused to allow foreign troops and nuclear weapons on their territories in peacetime. Norway has placed numerous limits on NATO's and also its own military activities in the north in the vicinity of the Soviet border. Norway has also decided not to locate depots for NATO's heavy weaponry there. Finland, for its part, has proposed border peace systems with Norway in the north. Other such measures can be considered.

The time for making the proposals concrete may not be until the results of the Stockholm disarmament conference begin to be seen. At least at this point in time the other Nordic countries do not appear to be interested, which is understandable. Therefore, it is best even for Finland to wait and see -- as well as develop substitute proposals parallel to the eternal objectives.

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POLITICAL

FINLAND

#### MINORITY COMMUNISTS INCREASE STRENGTH IN PARTY ORGANIZATION

Helsinki HELSINGIN SANOMAT in Finnish 28 Feb 85 p 10

[Article: "Taistoites Advance in CP's Organizational War"]

[Text] The Taistoite [Stalinist] minority in the Finnish Communist Party (SKP) has strengthened its own operational organization. Representatives of the minority districts convening in Helsinki on Wednesday decided on new measures.

The minority meeting urged supporters to strengthen their activities "by establishing new party sections and area organizations if necessary".

The decision is a new step in the organizational entrenchment of the SKP's factions. The urging to establish party sections means in practice that the members of the minority, who belong to majority sections which have established new district organizations, will go their own way and establish their own sections. They have already refrained from activities in the sections.

The majority holding the power in the SKP has established its own district organizations in areas traditionally controlled by the minority so that the majority sections which belonged to the minority districts have seceded from the districts on the basis of a decision arrived at by a vote. The minority is now urging its "own" in these sections to establish new sections.

This exhortation to establish area organizations means "solidification of relations among the party sections" according to the minority, but not the establishment of new district organizations. An establishment of districts would give the majority a reason to expel the minority districts from the party. A minimum of three party sections is needed to establish an area organizations and this generally encompasses a city.

The next step in the organizational war would be establishment of one's own district organizations or in practice the formation of a new party, but this it is said is not in the plans of the minority -- at least not yet.

The representatives of minority districts and of other organizations publishing TIEDONANTAJA have recently stepped up their activities and have increased their financial support for the newspaper.

In its stand the minority accuses the majority of attempts to split the ranks of the SKDL's parliamentary group and curtail its cooperation with the CPSU.

A delegation of the SKDL's parliamentary group will depart for Moscow next Monday at the invitation of the CPSU Central Committee. According to the CPSU's interpretation, the delegation will be made up of seven members and will also include Esko-Juhani Tennila, who was voted out of the majority delegation. According to the majority's interpretation, Tennila will not represent the parliamentary group, but will be a guest invited separately by the CPSU.

In its stand the minority accuses Arvo Aalto, the present chairman of the SKP, of being a "symbol of disruption" in the party and believes that "the dissolution of the Nordic area's largest communist party cannot help but have foreign policy significance".

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CSO: 3617/86

POLITICAL

FINLAND

#### COMMUNIST PARTY RIFT ALSO AFFECTING YOUTH ORGANIZATION

Helsinki HELSINGIN SANOMAT in Finnish 14 Mar 85 p 12

[Article: "Communist Youth Rallies for Congress; SDNL 'Unity Forces' in Key Position"]

[Text] These past few months the communist movement's internal struggle has also been extended to the Youth League, loosely linked with the SKP [Finnish Communist Party].

In early April the Finnish Democratic Youth League (SDNL) will hold a congress in Jyvaskyla, the rallying phase of which is in motion.

The balance of power at the congress, which will include from 400 to 500 delegates, is not yet clear. The "unity forces," whose ultimate strength at the congress is veiled by uncertainty, are complicating the usual pattern of strife between the moderates and the Stalinists.

Behind the racket made over the SDNL is the situation the SKP is in. On Saturday of next week the SKP will be holding a special congress in which the Stalinist minority and the "unity forces" will not participate.

#### SDNL Supports Kajanoja

With about 20,000 members, the SDNL is a member organization of the SKDL [Finnish People's Democratic League] which sought its ideology in the 1970's alongside the "old man party," the SKP.

During Jouko Kajanoja's 2-year term at the head of the SKP "thinking in terms of unity" found fertile soil in the SDNL, which even detached itself a bit from its factional thinking.

At the 20th Congress last May the SDNL hung out its flag for Kajanoja's reelection.

Up to now SDNL leadership posts have been fraternally distributed among the different factions. Since 1982 "Kajanoja disciple" Harri Moisio has been chairman of the SDNL, moderate Merja Hannus and Stalinist Marko Auer vice chairman and Tapio Kangas, who went over to the moderates, is again political secretary.

Kangas was one of Kajanoja's supporters before and he was not elected to the SKP Central Committee last May.

In the moderate wing of the SDNL (and in the SKP too) there is a strong desire to promote a strict moderate to a league leadership post, while the Stalinists, on the other hand, probably feel that the way things are now is enough. The SKP leadership's interest — really underestimated — is demonstrated by the fact that Raimo Ahoniemi, an employee of the organizing section, is strongly participating in the preparations for the congress.

The top moderate candidate for chairman is planning secretary Rauno Merisaari, who is preparing for the league congress and is also a member of the SKP Central Committee.

Moisio has announced his desire to stay on as chairman if there is enough support for him.

The Stalinists estimate that they will easily get at least 100 delegates from the guaranteed Stalinist districts, which include Helsinki, Kymi and Pohjois-Karjala.

The hard-line moderates calculate that they may get 200 delegate seats. The reliable moderate areas are the Jyvaskyla, Vaasa, Turku, Satakunta and Kuopio districts.

#### Northern Districts Will Be Decisive

From the standpoint of the balance of power, the northern districts of Lapland, Oulu and Kainuu, which are the biggest in terms of membership, function actively and in which the "unity forces," especially in Kainuu, are strong, occupy the decisive position.

The balance of power in Lahti, Tampere and Uusimaa districts is uncertain. At any rate, it is likely that it will depend on the "unity forces."

Figuring out the balance of power is not as easy as it is in the SKP, in which heavily armored district organizations occupy the key position. In the SDNL the member cells that choose the congress delegates occupy the key position.

Having sniffed the rally in the air, moderates and Stalinists have begun propaganda campaigns in which one accuses the other of attempts to seize control and divide the party and of wooing third liners for their support.

Kangas has accused the Stalinists of attempting to shift the SKP situation into the SDNL and of threatening to get mixed up in SKOL Communist disputes.

As for Stalinist Auer, he has accused the "hard line" of paralyzing SDNL administrative organs and of transferring their power of decision to the moderate junta, of which the "Russian Knight," Kangas, is considered to be the key figure.

They have tried to work out the candidate nominations at personnel committee meetings, at which the moderates have proposed that all employees resign before the league congress. In the Stalinists' opinion, the moderates want "a clean slate" that can be filled after the congress.

According to Kangas, behind the motion is the fact that they want a clearcut situation, [to know] who intend to resign from leadership posts and who do not. The motion has at least not yet been decided on.

The row does not, however, threaten to become such a bad confrontation that they would be facing the same situation as in the SKP. It is thought that the election of a chairman will go a long way toward deciding what happens in the SDNL.

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POLITICAL

FINLAND

# NEW LEGISLATION ON ESPIONAGE TRIALS COMES INTO FORCE

Helsinki HELSINGIN SANOMAT in Finnish 17 Mar 85 p 35

[Article by Martti Backman: "Will Treason Cases Be More Public in Finland?"]

[Text] It is hard to find espionage trials in Western countries that are more secretive than in Finland. Only recently have the courts opened the doors ajar in treason cases. A new law on publicity of court trials, which will go into effect after a couple weeks, stresses that all treason trials pertaining to foreign policy should not automatically be kept from the people.

As late as the 1950s and 1960s it was possible in Finland to keep espionage cases indeed a secret to the point that the press did not even have an inkling of their existence. Since officials did not feel a need to reveal that a spy had been found, the trial and sentencing often went completely unnoticed.

This could still even happen in theory. The press still receives information about a future treason trial by chance. Indeed, spy cases have not gone unobserved by the press in at least the last 10 years.

Treason trials in Finland are normally conducted behind closed doors. As far as is known, no one has thought to even demand open court proceedings. Except for terse judicial decisions, in Finland the decisions of the court and all the materials connected with the trial have been declared confidential "for the time being" or "for all time". Finns cannot even officially know what country has committed espionage and for whose benefit.

As a trial begins the press has had an opportunity to hear the sections of the law on the basis of which the individual suspected of spying is being accused. Sometimes the court has released information on a broader charge, which has somewhat more clearly revealed what is involved, but the names of countries and individuals have been expunged from the publicized accusation.

Under the threat of severe punishment it is forbidden to make public anything connected with the trial about the accused and his defense. Witnesses are also unconditionally bound to secrecy.

The accused has felt his fate to be unfair if information about the charge and its arguments are, however, leaked to the public, but a tight secrecy surrounds the arguments of the defense.

Editor Matts Dumell, who has been accused of treason, took a risk and defied the authorities with the readiness provided by his profession: he wrote the expose "I Am A Spy" about the incident. The officials did not confiscate the book nor did they bring charges against him, but accepted the challenge. The Supreme Court made the decision in Dumell's case public to an exceptional degree and in considerable detail.

The Supreme Court justified its actions by the fact that it thus wanted the people to know in what kind of instances dealings with foreigners can be a crime. A promise was made from the Supreme Court that more open reporting may continue even in the future considered on a case by case basis.

#### New Law Becomes Effective In April

A reformed law concerning the publicity of court proceedings will go into effect in Finland in the beginning of April. It will not radically increase the openness of espionage trials, but it will strengthen certain practices and will timidly recommend the consideration of greater publicity.

According to present law, the courts can in accordance with their deliberation determine that a trial will be conducted behind closed doors when publicity can harm the state's external security.

Proceedings can also be conducted behind closed doors when information which on the basis of specific regulations must be kept secret is presented in connection with a trial. In treason cases such matters to be kept secret generally deal with information on the country's foreign relations.

The new law talks about compulsory closed proceedings. They are cases in which a public debate could "endanger the state's external security or damage the state's relations with another state or international relations".

Thus the courts must consider whether public treatment will in and of itself endanger security or relations. If this is the case, then the doors are closed.

With this procedure there is a desire to tactfully stress that so-called foreign policy matters do not necessarily always require secret proceedings.

"We must not proceed from the premise that a trial in a treasonable crime would automatically be declared closed without deliberating the issue, but it must be given consideration," states Pekka Nurmi, legislative director, who was involved in the preparation of the law in the Justice Ministry.

The old law made it possible to declare the decision of the court secret in its entirety even forever. In recent practice at least the so-called judicial decision or criminal classification, the points of law used, and the name of the condemned have, however, been made public. In recent years court decisions are no longer declared secret forever, but secrecy has been declared "for the time being".

The new law strengthens current practice and determines that the final outcome of a trial or judicial decision can never be secret. If the materials of the trial are partially or in their entirety declared secret, a time limit, which can be 40 years at the most, must be established for the duration of this secrecy.

Among information of a sensitive nature in espionage cases the names of countries are shrouded with the most secrecy. Why are they kept secret since the countries in question and their intelligence services presumably know about the incident?

The purpose is most likely to lessen the diplomatic damage already caused. An exposed case of espionage is in and of itself always detrimental to relations between countries, but the protectors of a country's foreign relations believe they can rectify the damage best when third parties which have suffered the damage are not subjected to embarrassing publicity.

The new law concerning publicity in court proceedings does not establish a ceiling for that openness by which espionage trials can be made public. The courts can disclose what they want on the basis of their own independent deliberations.

In theory it is possible that someday Finns will be shocked by telling them on behalf of which foreign country someone, for example, turned over information from parish registers on practicing members of the Orthodox faith who remained behind the Eastern border after peace was concluded. Or something else which will be detrimental to Finland's security and interests.

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POLITICAL

FRANCE

TATU, GREMETZ ON EUROPEAN DEFENSE NEEDS, U.S. ROLE

Paris REVOLUTION in French 4 Jan 85 pp 8-12

[Discussion between Michel Tatu, an editorial writer for LE MONDE where he deals specifically with East-West problems and the author of "La bataille des euromissiles" (The Battle of the Euromissiles) published by Seuil, and Maxime Gremetz, secretary of the Central Committee of the PCF in charge of foreign policy, who has just published "Le Troisième Grand" (The Third Great Power) at Editions Messidor: "Armement-Disarmement; Face to Face Maxime Gremetz - Michel Tatu"]

[Text] Michel Tatu: The expected meeting between Andrey Gromyko and George Schultz is of course a positive step. It proves that in politics one should never say "never." In 1983, and especially in 1984, the Soviets had given the impression that they refused to have a dialogue with Ronald Reagan. And now they have been led to talk with him, aware at the same time that they have to talk to the President of the United States, whoever he is, and especially that the arms negotiations cannot wait another 4 years.

This meeting is only the beginning of a lengthy process. The problems are extremely complicated and they must be taken up again on a new basis. As a matter of fact, that is the spirit both sides are starting with.

One last comment: by concentrating too much on arms one runs the risk of running into deadlocks. There are other problems. The danger of war comes not only from the armaments but also from the crises; Soviets and Americans should talk about it. All the more so as neither of them likes to be caught unawares or overwhelmed by conflicts they do not control.

Maxime Gremetz: I am also pleased about the resumption of the Soviet-American dialogue. But I immediately see a difference between us. I read you regularly, Mr Tatu, and I have noted that you always leave things up to the two great powers. The two big powers play an important role, but we cannot entrust them with solving the questions of peace and disarmament.

Second comment: you stressed ironically that Reagan has suddenly become an acceptable interlocutor for the Soviets. But didn't the American President himself have trouble with a dialogue with what he regularly referred to as the "evil empire"? How do you negotiate when you flaunt the desire -- the electoral program of candidate Reagan said so in so many words -- to achieve military

supremacy? And this determination has been translated in concrete terms. I am thinking specifically of the considerable increase in American military spending and of the pressures on Europe to deploy the Pershing and cruise missiles. Hence, added tension and a new escalation, the introduction of the Euromissiles leading to Soviet counter-measures.

You place the resumption of the negotiations solely in the hands of the two superpowers. As for me, I see other reasons: the international realities cannot be circumvented, to begin with the economic problems. That is true also for the United States, as can be seen in their budget discussions. But I would like to stress particularly the role played by what I call the "third great power": the positions taken by other governments with the most diverse social systems, those of political and union organizations, the role of the churches, the mass expression of public opinion, etcetera. In your book, you deal hardly at all with "pacifism." But, in my opinion, this universal demand, expressed with unprecedented force, is also what explains the resumption of the dialogue. And this demand must continue to be heard. I agree with you to stress that the negotiations will be neither simple nor rapid. Hence, their progress will depend to a large extent on the intervention of all those who want peace and disarmament.

Tatu: A few comments on your statements. "The evil empire," true, but that is polemics! On the other side, Reagan has been called "Cowboy" and "International terrorist," which also seems excessive to me. But you know very well that realism always ends up getting the upper hand. Statesmen attach little importance to the "climate," because in the final analysis they are the ones who "make" the "climate." A "climate" can change very quickly: look at what happened between the Russians and the Chinese, the sudden end of sharp polemics which had been going on for months.

Is the United States seeking military supremacy? Not quite...

Gremetz: ... but it was written in Reagan's electoral program...

Tatu: ... I don't think so. The only area in which the American officials are officially claiming military superiority over the USSR, is the navy. The United States is -- they explain -- separated from its allies by oceans: freedom of the seas is absolutely indispensable to them.

For the rest, even Reagan's program does not talk of a quantitative superiority. I admit that there are some people, within the Republican teams, who are dreaming of reconquering superiority, specifically in space. But I think that the same is true in the Soviet Union, among the military staff and elsewhere. What the American leaders are saying is that they must catch up where they were behind: the Soviets, they specify, have continued to increase their military spending, whereas ours has gone down; since 1977-1978 we have been trying to regain ground.

You have perceived the installation of the Pershings as a part of that search for superiority. I don't believe that. In the minds of the initiators it was a question of compensating for the significant imbalance created by the deployment of the SS-20's. You should realize that, according to the American



figures, 387 SS-20's -- you have to multiply by 3 to get the number of nuclear warheads -- are aimed at Europe and Asia. The United States could not ignore this. Because, even though it is true that at the strategic intercontinental level America is the one to have taken the initiative with vast programs, with the Soviet Union only following suit, the situation is different in the Eurasian area which surrounds the USSR: superiority has always been on the side of Moscow, both at the conventional and nuclear level. In short, in my opinion the installation of the Euromissiles reestablishes a balance -- even if qualitatively -- I grant you that, it changes something for the Soviets.

As far as public opinion movements are concerned, I agree with your observation that they put pressure on Reagan in favor of resuming the dialogue. A pressure which was all the more effective as it took place at the height of the American election campaign, which led the outgoing President, as early as the beginning of 1984, to modify his image and to hold out his hand to the USSR. But this pressure of public opinion was also brought to bear on the Soviet Union. There, they also had to change their tone: the systematic rejection of all American proposals placed the USSR in a bad position. This concern, added to the urgency of the negotiations, specifically on space, explains the reversal of the Soviet leadership.

Gremetz: In 1980 you yourself wrote -- and I am quoting you -- that "in response to the threat represented by the new Soviet missiles to its land based forces, the United States is adopting programs which go well beyond the opposing threat and create a new risk for its partners. This is how the arms race progresses..."

Tatu: I was thinking in that statement about intercontinental strategic missiles...

Gremetz: ... The fact remains that at that time your analysis corroborated the American objective of military superiority included in Ronald Reagan's election platform...

Tatu: ... You are extrapolating, based on formulas about "a strong America"...

Gremetz: ... No: it is in the text.\* But I want to get back to the content of the negotiations which are getting under way. What will they be about? First about the militarization of space. Next, about all arms, that is to say -- following the deadlock which the method of separating types of arms led to -- a global study involving all of them. A long term task. In order to see it through, you also need the will to stop the escalation and to reduce armaments. The specter of famine, the challenge of underdevelopment, the rise in the indebtedness of the Third World makes the level of arms expenditures intolerable. I insist: they must be reduced, and significantly so.

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\* Having checked, the Republican platform for the presidential elections specifically talks about "maintaining peace by keeping our country more powerful than any potential enemy" and commits itself to "do everything to maintain the superiority of the United States in case of conflict." It also mentions "technological superiority." (Editor's note)



Then there is the much discussed issue of balance. In my book, I quoted the statements of numerous experts on this subject, among whom those for whom the forces are by and large balanced, in Europe as well. It is a very controversial assessment. We, we are in favor of a balance. But in what sense? From what you write, the arms race constitutes an inevitable spiral: one should add some more, and then discuss. I think the opposite: it is not in this "emulation" between the military blocs -- as a matter of fact, as you know we are in favor of their simultaneous dissolution -- that humanity will find the solution to its problems. On the contrary: it increases the dangers of war. Especially when one considers the militarization of space: the report by American scientists, published in the December issue of POUR LA SCIENCE, is overwhelming for those who see "space wars" as a guarantee for peace. Another interesting publication, in December, in LE MONDE DIPLOMATIQUE: the former scientific advisor to Presidents Kennedy and Johnson showed that, in order to justify its new arms, the United States has knowingly overestimated the strength of its adversary...

Balance or no balance -- as a party we do not take a stand on this issue --, I have noted in any case that today many people, specifically former Chancellor Schmidt, recognize the bad grace of the United States. They say, in substance, that Washington did not really have the desire to see the negotiations succeed. The result is that the Pershings were installed, and that the USSR, on its side, responded with its counter-measures. Henceforth, each of the two super-powers can reach the other in 6 minutes: imagine the time this leaves to negotiate and avoid the irreversible! This is what the thesis has led to, which says that it is necessary first to add arms to reestablish the balance before negotiating. Additional dangers for peace, gigantic amounts of money wasted, erosion of the international climate: that is the result. It is time to put things straight again: to negotiate to reduce arms on both sides.

Tatu: Let us clarify things. I myself have not proposed anything, and in any case not the deployment of the Euromissiles. My argument is that those SS-20's, which introduced a new factor, had to be faced. An argument which, as a matter of fact, is generally accepted in France and in Europe.

Ronald Reagan's zero option was not all that bad: no SS-20's, no Pershings, no cruise missiles; planes would be adequate on both sides. The USSR said no. Then you say: under the pretext of balance, we are adding on both sides. But there are nevertheless limits. In my opinion, the balance has been or will be roughly reestablished. The Soviets could, of course, install more SS-20's, but given where we are this would no longer change very much. The short range missiles they are stationing in Central Europe even bother the Czechs and the East Germans more than the Westerners. In fact, the balance will be reestablished as soon as the latter have a few hundred missiles at their disposal in Europe capable of hitting the Soviet Union.

What was at stake in effect? To start a close European discussion, taking into account the international balance between Russians and Americans as well as the operational character of the SS-20's, which made American protection less credible. That is what happened, and it is a matter less of quantity than of quality. There was a need to have something on the European territory to deter aggression.

You mentioned the overestimation of the Soviets by the Americans. That was indeed the case during several periods, specifically with the "missile gap" affair in the early sixties. Note that it was John Fitzgerald Kennedy -- whose adviser you quoted -- who then took the responsibility for the greatest revival of the intercontinental arms race...

But, like you, I would like to get back to the content of the current negotiations. They are starting from a new base, Ronald Reagan's proposal which would allow the Soviets to save face. Didn't they vow that they would never return to the Geneva negotiation table as long as the Pershings weren't withdrawn? The new framework of the talks will allow exchanges among various types of arms and linking together specifically the "star wars" debate, as they call it, and the one relative to offensive weapons. "Star wars" is essentially defensive. Hence, they are going to mix offensive and defensive weapons... which was already done as a matter of fact in the 1972 SALT agreements.

What could those exchanges focus on? The Soviets dread Ronald Reagan's projects in matters of the militarization of space. The Americans in turn are worried about the first strike capability represented by the very powerful land based Soviet missiles. Let us recall that the SS-18, of which the USSR possesses 318, constitutes the most powerful missile on earth, more so than the MX deployed by the United States. There will undoubtedly be an exchange on those. Washington could be tempted by a deal on the theme of "fewer SS-18's and too bad for the Pershings."

Which leads me to the essential point. I consider that, as Europeans, we have interests to defend. I would have preferred the Pershings and the cruise missiles to be European, and not American. Europe has shown itself to be incapable of ensuring its own defense, which consequently depends on the American missiles. Hence, it is important to be vigilant. Everyone sees matters from his own perspective, and the Americans are first of all concerned with their own security. Reagan naturally is more interested in the dangers that threaten the United States than in those that threaten its allies.

One more word on the general reduction you are advocating. That is the opinion presented today by the two great powers. As a matter of fact, the Soviets are late to come round to it: in 1977 they abruptly rejected a proposal from Carter, presented by Vance, aimed at a radical reduction of strategic arms. Then they accepted the idea of "deep cuts," to the point where the SALT negotiations were turned into START: from the "L" for "limitation" they went to "R" for "reduction." You will tell me that the United States is not sincere either when they talk about arms reductions. Perhaps, but when you say that they are accumulating on both sides, then I respond: that is not always true.

Your readers should know that the curve of the American arsenal, all warheads put together, reached its high point in 1967 with 32,000 warheads of all categories, falling back in 1982 to 24,000. The American megatonnage has declined to three-quarters since 1960. The figures on the Russian side are not known. However, it is likely that they have gone up instead: the USSR has the habit of keeping already outmoded arms as long as possible, perhaps specifically to exchange them in the negotiations. But I have no doubts that the Soviet Union will end up reducing its arsenal, at least quantitatively.

Because, and this is my last point, the real arms race is qualitative. True, one should stop the race for quality as well as the race for quantity. But, without wanting to turn devil's advocate, how can I fail to note that, in the first place, progress cannot be stopped and, in the second place, progress is not always negative, even in this field. The security of armaments is better today than it was 20 years ago. Procedures making it possible to prevent so-called "non-authorized" use have been perfected. In short, the risks of an accident have been reduced. Everyone dreads the "space war," but, honestly, is it possible to live for centuries with a deterrent threatening the civilian population? Sooner or later, they will have to go back to the strategy which has always prevailed in military history: to aim, not at the adversary's population but at its arms. You mentioned the pressure of American public opinion: it pushed in that direction. What are the Americans afraid of? Of having a nuclear bomb land on their heads. It would be hard to imagine Soviet tanks landing in Virginia. But what does Ronald Reagan tell them? With "star wars" I will set up a kind of umbrella over the United States, for a maximum reduction of the risk of a nuclear attack.

Gremetz: Your figures certainly didn't come from international institutions! The more I listen to you, the more my first impression is confirmed. We certainly do not have the same approach. You start from two a prioris: the danger involved in "Soviet expansionism," a threat which is made worse by the military "superiority" of the USSR. I myself do not start with a prioris, not these and not others. My book doesn't include a single judgement on these questions. Besides, I am not an expert on it, and thus I prefer to observe the studies done by the experts themselves. I published them in my book, without being selective: it is up to the reader, with those elements, to develop his own opinion. I quoted earlier the statement made by the adviser to Kennedy and Johnson: evidently, even today, the only effect of the alarmist information given out here and there is to stimulate the arms race. Moreover, can one live with the "evil empire?" No, it must -- in the logic which is Reagan's: see his famous speech in London -- be destroyed. Hence, practice an endless escalation to regain the "superiority" attributed to it.

And it is this logic that you are defending. According to you, the arms race is, in the final analysis, an obligation. How far? Where is the ceiling? If I follow you, one should now go up in space -- in order to be able to come back down from it! I, as a Frenchman, as a European, I cannot get used to that idea. And neither can my party. How is it possible not to see the implications that this new escalation would have for our country, for our continent? France is a party to the Atlantic Alliance. Even if it is not a member of the integrated military command of NATO, the "space war" link concerns it. First of all from a financial standpoint: it would involve an unprecedented hike in military spending, while we are having the difficulties you know about. Let us imagine the economic and social consequences of projects into which it has already been decided, in the United States, to sink -- solely for development and according to your own figures -- \$26 billion...

Tatu: ... they are even talking of \$29 billion...

Gremetz: ... in fact, nobody can say how much the whole thing will cost. In the document I have mentioned, the figure of \$100 billion is suggested, for the first stage only!

But those projects do not just have economic and social consequences: they ruin the very foundations of the security of France. And the security of France is close to my heart. With those "missile killer" satellites turning around the globe, what would be left of our deterrent force? What would it still deter? It is a military problem and it is a political problem. Just like the Pershings as a matter of fact: what were the Germans afraid of? Of war, yes, but also of becoming hostages. The strategy of the United States is clear: they want to intimidate the people. Their official documents refer to the "defense of vital American interests": look at the map, and you will see that those "vital interests" are everywhere at the four corners of the planet. That is to say that their military strategy is determined by their political strategy. One cannot separate the one from the other.

Should then the question of the security of France and of the continent be posed in terms of "European defense"? You advocate that idea: we reject it...

Tatu: ... you prefer an American defense?...

Gremetz: ... No! Not at all, but your thesis involves a dilemma...

Tatu: ... There must be a defense, after all...

Gremetz: ... Of course. You seem to provide a choice between a European defense and American protection, and you add that this European defense will be placed within the framework of the Atlantic Alliance and under the American nuclear umbrella. How would it be independent then? As for me, I get out of that dilemma in the following manner: there will be real security for Europe only within the framework of a process of balanced disarmament, ensuring the security of each state. No question of integrating our nuclear deterrent into any system at all. This deterrent must work in all directions. Aside from that, to imagine a European defense independent of the United States is utopian.

I would also like to specify that the sovereignty and independence of France cannot be summarized solely through defense, however essential that may be, but they also imply political questions. I would add that I am worried when I see that Western European Union is lifting the last bans on German rearmament. As a matter of fact, numerous political and social forces in the FRG are expressing the same anxiety. As they generally cannot conceive of their security outside NATO, these various forces intend to act to transform its strategy.

Tatu: I admit that European defense is an objective which is hard to reach. Many people do not want it, but that doesn't mean that it is a bad idea. A good many things seem unrealistic for years and end up becoming reality.



Gremetz: You cannot at the same time be in favor of a European defense independent of the United States and in favor of the persistence of the military blocs. What is needed is the simultaneous dissolution of the blocs...

Tatu: ... the alliances, that is something else. Countries have always ensured their security first through their own efforts, and then, as a supplementary measure, by concluding alliances. Nothing is rejected in terms of security. There is no reason to reject the protection of someone who wishes you well, but who as a matter of fact may not want to be too committed either. Take Article 5 of the Atlantic Alliance which you quoted in your book: "each will assist the others in case of aggression with the measures it deems necessary." That is not very restricting. The order of the elements must be reversed. To base security first of all on an internal effort. And I think that Europe is big enough, and wealthy enough to make that effort itself. One could call that a European pillar within the Alliance. It is obvious that the bloc, such as it is, would be weakened by it. Western Europe itself would constitute a kind of bloc, with a different philosophy from that of the United States. I am in favor of the European defense in the name of equal security, an idea which your Soviet friends defend and which I often find in statements from the PCF [Communist Party of France]...

Gremetz: ... You are wrong...

Tatu: ... I sometimes find it ...

Gremetz: ... Since when?...

Tatu: ... Perhaps not for several months...

Gremetz: ... Oh, no! A few years.

Tatu: If you say equality of Soviet-American forces plus equal security, that implies that equality is not enough. That is a dangerous argument.

Gremetz: I don't refer to that idea. As for France, it must safeguard the means of its security...

Tatu: ... and it determines itself its security and the needs of its security. Normal. Thus, Europe has a right to security and to what it considers necessary to ensure it. Hence, it must be able to deter; not only a nuclear attack but also a conventional attack. One must admit that the commitment never to be the first to use nuclear arms cannot be made by a medium sized power such as France, which has only nuclear arms to defend itself.

You mentioned the German danger. A European defense force does not mean that a German president will pull the trigger. France must offer its allies part of its nuclear arms under double key. First of all, because this does not require a European political structure, which remains very utopian, I admit; and then, because to possess a key does not give the right to use. There remains the right to veto. For example, if France were to station its Hades missiles on German territory, their use would be subordinated to a double Franco-German decision.

Before turning to the problem of our deterrence in the face of the space war, I would note that since 1977 you have been in favor of the French nuclear force. I find that a good thing. You are in favor of maintaining it in a state...

Gremetz: ... Not in a state, maintaining it...

Tatu: Maintaining it, I beg your pardon. The difference is significant. About space now. First remark: the nuclear element is not the most expensive in matters of defense. Next, the question has nothing to do with good wishes. The only existing anti-missile defense system in the world today is located around Moscow. You will tell me that it is based on obsolete technology. That shows at least an intention. There are good reasons to believe that the Soviets have tested anti-satellite satellites, there again based on technology which is no longer up to date. There are projects on the American side: \$29 billion over 5 years. That is a very limited sum relative to a military budget of \$300 billion per year. I agree with the argument that if this leads to programs it will rapidly go up.

I do not, once again, want to be the devil's advocate, but it should nevertheless be mentioned that a space war would undoubtedly not be completely like the outlines we have been offered. It would at most not be a very deadly war. One would kill missiles, satellites, perhaps command posts, but with arms as precise as lasers almost no people. Let us not idealize. This new progress -- if that is what it is -- will not destroy what exists. There will always remain a danger of extermination. We have to live with the fact that science, which transforms nature, can also destroy it, and this fact is irreversible. In any case, it will not be possible to defend oneself against all nuclear arms. Some vehicles will escape the defense. Fortunately, the war will be extremely dangerous.

What is good about nuclear arms is that they scare everyone, including the governments. Which was not the case with the machine guns of 1914 or the bombers of 1939-1945, which scared only the people, not those who governed. I think that the preparations for this space war will not be completed. The negotiations will probably slow them down. And I could very well see the Americans give up part of their program in exchange for Soviet concessions in the area of their offensive arms.

I would note, in any case, that there has always been Soviet supremacy in Europe. You know that there are three times as many tanks in the Soviet Union as in all of Western Europe. I would also note that the development of the SS-20's is worrisome, because it indicates an intention to have regional superiority.

I have read what you said in your book: the Soviets do not want war. They have seen what it was like with Hitler. True. But I believe that the Soviets have drawn two lessons from the 1941 aggression. First lesson: we were the victims of surprise in 1941; the next time, the surprise must be for the others. Second lesson: the war took place on our soil: the next time, it will take place on theirs. I don't challenge those motivations. I note that they are worrisome for us and that the Soviet military system, and very



specifically the Soviet troops in the GDR, has been set up to strike a forward blow and not to establish a defense line against a possible NATO attack.

Gremetz: I find it appalling that people can say that nuclear arms are less dangerous to the extent that they scare everyone. I absolutely reject that idea, which would lead us to live in the balance of terror...

Tatu: ... And yet you are in favor of maintaining this situation as is...

Gremetz: ... I have been explaining the opposite to you from the beginning. Let us then return to the role of France, which counts at the international level. It has an important deterrent force at its disposal; it is a member of the Security Council, it is present in Berlin. Its history confers broad credit on it in the world. Hence it can use all its weight and take initiatives in favor of peace and disarmament. France has every interest in favoring negotiations which would lead to no militarization of space.

It can also assert itself in Stockholm and make proposals there. Repeat, for example, the proposals made at the United Nations to hold an international arms reduction conference in Paris and to allocate part of the arms expenditures to the struggle against underdevelopment.

You accuse me of participating in the balance of terror by maintaining our deterrent force in working order. I am in favor of this maintaining in working order in the world as it is. The two superpowers, which possess the most powerful arsenals, must first freeze the deployment of their arms, then reduce them, and it is only when this has been done that the problem of the French deterrent and its existence will come up. I would add that sooner would be better. We communists are in favor of a world without arms and without war. We have always had the double concern of fighting for peace and disarmament, and safeguarding our independence and our sovereignty. Those two terms may seem contradictory. They represent a constant approach by the French Communist Party. How could one not take into account the serious studies which foreshadow what a nuclear conflict today would be like? The "nuclear winter" people talk about? One cannot be insensitive to that prospect. It is a question of the survival of humanity. The idea of a limited conflict is an absolute illusion.

I have just read, as I mentioned earlier, a study by American experts on space war. The production of nuclear energy alone -- not the systems -- has been estimated at \$100 billion. Furthermore, those experts specify that the temptation to strike first will be stronger, the speed of the decision being beyond the capacity of human judgement. Because if I only take the two types of directed energy weapons currently being studied, one of them depends on a laser beam which moves at the speed of light: 300,000 kilometers per second!

Tatu: Yes for negotiations. I agree as far as the reductions are concerned. Agreed -- and I believe that it is possible in part -- about barring certain new paths in the qualitative arms race. Not agreed for the freeze. At least not in Europe. Not yet...

Gremetz: ... When I say freeze, I mean freeze of the most important arsenals. That is to say those of the two superpowers. That does not, under the present circumstances, affect the maintenance in order of our deterrent.

Tatu: I would go a little further even: for the balance of forces in Europe, a freeze is very premature, even an American freeze. The European balance is not yet such that one could freeze. I agree that France should play a role, but not in the sense of conferences or declaratory proposals. The major declarations on non-recourse to force, on denuclearized zones, are only paper barriers. In 1940, Hitler invaded France. Everyone has forgotten that by doing so, Hitler tore up a paper barrier behind which some people had wanted to protect themselves: the neutrality of Belgium and of the Netherlands. Anyone who would take the risk of unleashing a nuclear war in Europe would not stop at the new paper barriers: history will remember only the millions who died.

Gremetz: As we have to conclude, I will return to our initial statement to estimate that the new negotiations which should begin soon will depend, to a large extent, on the intervention of all the conscious, political, philosophical, religious forces which in their diversity want to end up with an arms reduction.

This resumption is already, in and of itself, the result of the intervention of that "third great power" which you underestimate a little too much. Because it is the major fact of the recent period. In ever greater numbers, people say: peace, disarmament, that is no longer the business of the two superpowers alone, that is also our business. And everyone manifests it in his own way.

Tatu: Very good for the rights of peoples. They have to express themselves. I simply want this to be expressed on all sides. Let there also be pressures on the Soviet Union to prevent certain arms programs. If there had been such a movement as you are talking about in the USSR, perhaps there would not have been any deployment of SS-20's. So, I want this action of the peoples to be exercised in all directions, in all systems.

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POLITICAL

GREECE

#### KKE SAID TO SUPPORT PAPANDREOU POLICIES

Athens I KATHIMERINI in Greek 22 Mar 85 pp 1,3

[Text] The KKE offers full support to the government on the issues of the presidential election, revision of the constitution and the time of elections, despite the fact that it will continue to seek a broader revision of the constitution and establishment of the simple proportional election system. However, it is not placing these demands as conditions for offering its support to PASOK. This is a given, and the positions of KKE and PASOK differ only quantitatively--at least at present. From the standpoint of substance, they are identical.

The above are inferred from the statements made yesterday by KKE Secretary General Kharilaos Florakis at Kastri immediately after his meeting with Prime Minister Andreas Papandreou which lasted an hour and a half (from 1300 to 1430). Conversely, Papandreou made no statements but later distributed a written statement in which he says that Florakis explained to him "the KKE's well-known positions on current political issues" and that also "issues concerning international developments" were discussed.

#### Florakis' Statement

The KKE secretary general's statement to journalists was equally enlightening:

"We conferred with Papandreou and I reported to him the KKE's positions on the various basic problems. This and nothing more."

However, Florakis then answered a series of questions from political writers:

Question: Did you come to an agreement with Papandreou on something?

Answer: There was no question of an agreement. The prime minister is...

Question: Did you talk about elections or conditions for conducting elections?

Answer: No. Because the issue does not concern us. What concerns us is elections coming after the process to revise the constitution ends. From then on we do not care when they occur. We are always ready.

Question: Was no connection made between the presidential election and the KKE's demand for a change in the electoral law and extending the revision to other articles of the constitution?

Answer: No. It was not connected, nor is it a condition. The KKE is asking for the existing electoral law to be amended in the direction of the simple proportional.

Question: Without placing this as a condition?

Answer: Not at all as a condition.

Question: As concerns the revision, PASOK has said that it will not agree to extending the provisions...

Answer: We asked for other provisions to be revised at this opportunity.

Question: In that case, what will be the KKE's stance? Will it vote for the existing proposal?

Answer: We will vote for those things on which we agree. Why would we not vote? On the things it is proposing, we are in agreement. But they are not enough for us. We want more. Because they are not enough for us, shall we not vote for those on which we agree? We will vote, and we will ask for other things.

Question: As for the climate, elections, consenting procedures...

Answer: What I reported to the president [as published] (was) when elections occur there should be the appropriate prerequisites and conditions so that the possibility is afforded to every citizen to express his will as freely as possible. And nothing else.

Question: Mitsotakis said yesterday that his conversation with the prime minister was useful. What do you say?

Answer: Does he want this discussion? You are looking at the prime minister of the country. Can this be detrimental? Irregardless of the things you say he accepts or does not accept. It is most useful. That he hears an opinion from a party on various problems. You think it is a small thing?

Question: That is, many of the things you said to him he does not accept?

Answer: That is your conclusion. The prime minister did not say, these things I accept or these things I do not accept. The prime minister listened to our thoughts, our positions, and nothing more.

Question: Do you believe Sartzetakis will be elected?

Answer: We will see on March 29. They are elections. It is a secret ballot. It should come out. Why not?

Before his meeting with Papandreou, Florakis, in answer to a related question, said that he will accept an invitation to meet with Mitsotakis, stating that "such things help. We have no hesitation."

POLITICAL

GREECE

UNFAVORABLE VIEWS, COMMENTS ON NEW PRESIDENT

Ambition Stressed, Warning Sounded

Athens I KATHIMERINI in Greek 31 Mar-1 Apr 85 p 8

[Article by "E: "Prospects"]

[Excerpts] And now...?

Elections....

Don't kid yourself. No matter what the government people are saying, no matter what their newspapers are writing, a deeply wounded democracy cannot stand with a "president" that only half of Greece tolerates, and who is mocked by the other half.

In the end, Mr Sartzetakis justified the doubts of his enemies: "He is not incorruptible, he is not modest and neither is he particularly clever! I know him well, believe me! He is an ambitious and spiteful man, ready to sacrifice everything in order to propel himself to the fore! He has the deep-seated resentment of the leftist who hates society..."

I didn't want to believe these words, nor others which were heard around these past few days.

But as of day-before-yesterday, when he offered us that disappointing show of his "acceptance," the accusations formulated against him started taking shape. With enthusiastic and garrulous self-satisfaction, he read a text that smacked of dangerous political ignorance. Was it really the time to speak of "popular consensus?" Was it the time to mention that "the first citizen of the country will be above parties?" Beginning when, Mr Sartzetakis? Beginning today? Beginning next Monday? Because the methods used for your election--policing, terrorization, the disdain of the secret ballot--which you so gratefully accepted make you a wholly "green" [PASOK color] president of the PASOK-KKE in the eyes of the Greeks and of foreigners as well, who know something about our country.

At any rate, the truth is that you are not very important.

You would have been important, if you had refused.

"Khristos! My friend, don't accept this wounded, sinful presidency! Keep your head high, say that you refuse and after elections take place, if they still want you as president through correct, secret and honest elections, without the clowning acts and the colored ballots, you will be ready and available.... They would have applauded you, they would have said, here is a Greek judge, here is a man of courage and honesty, he is worthy of being president of all the Greeks!"

Whoever would have won the elections would have looked at Sartzetakis as the ideal candidate.

But the opportunity is lost. Today, Sunday, no power in the world can bring back Khristos Sartzetakis to Friday, at five minutes of seven in the afternoon, when you could have asked the three kings to come back at another time with their "gift."

And now?

Elections.

We still don't know, when elections will take place, except that they must occur during October at the latest.

Readers have called us saying: "Don't address Sartzetakis as 'president,' only as 'Sir.' And even this is too much."

Elections will take place. Soon, in one, two or three months, maybe seven. There will be elections and we shall win. And the others must get ready to lose. Not only Mr Sartzetakis and the "godfather" of the fraudulent election, Mr Alevras, not only all the Kastri groups, but all those other people who were only organized for the big "victory."

We must start a simple but persistent struggle, which will be based, not only on the fact that we shall win, but on something more important: that if we win, as we hope and believe, the others will lose.

Let's tell them, let's repeat it to them so they will become accustomed to it.

#### Younger Generation's View

Athens AKROPOLIS in Greek 24 Mar 85 p 4

[Excerpts] Mr Sartzetakis,

I remember you from my student years in Salonica, as a young judge at the Court of First Instance. And you, no doubt, remember that unhappy moment when the very strict but fair deputy public prosecutor at the Court of Appeals, Dionysios Korkolopoulos--my father--was stricken with glaucoma, lost his sight and retired.

Thus, fate decreed that he should not be the prosecutor for the Lambrakis affair.



I am sure you know why I am reminding you of this. I remember my father saying that you were a good judge, that you were very knowledgeable, but that you also loved publicity, something that a judge should avoid. Twenty years have gone by and here you are again in the public's eye, the chosen one of the socialist movement.

As a free and responsible citizen, I am addressing this open letter to you, which reveals some truths that you also should take into account.

I believe that you will agree with me, Mr Sartzetakis, that a political leader is admirable and beneficial only when he serves the truth. The moment he betrays it, the moment he sets respect aside, he is transformed into a destructive force.

In conjunction with the 9 March events, I am asking myself, how does Judge Sartzetakis characterize Andreas Papandreou? Where does he situate the person who is leading the people astray and is not disclosing the procedures that were followed to "deliver democracy from Mr Karamanlis?"

I feel sure that your legal conscience is already troubled. I hope that events will protect you, so that you will remain a faithful servant of justice, and not become an organ of political passions.

This long and hard about it. There is still time before 29 March.

#### Discordant Note Sounded

Athens ENA in Greek 28 Mar 85 p 9

[Excerpts] Mr Sartzetakis' implacable friends maintain that he has been hankering for some exalted position for a long time. They base this opinion on the fact that the Lambrakis investigator, famous in Greece and abroad, eschewed publicity and refused to grant any interviews. Thus no one now claims that Sartzetakis had expressed himself in favor of this or that faction, despite the fact that he had political convictions about which no one nourished any doubts.

Among all the praise of recent days--justified at least in part in regard to the past--there is also blame.

It comes not only from part of the opposition, but also from some pro-government quarters!

Who are these? They belong to various categories:

--Fellow prisoners from Korydallos prison, who are now important political personalities.

--Judges who maintain that Sartzetakis was unfairly promoted to president of the Court of Appeal, since he did not possess the proper qualifications.

--Lawyers who have been "burned" at trials presided over by Sartzetakis. They say that "when we used to find out that he would be presiding, we would attempt to postpone the trial because we were afraid that the affair was hopeless."

All these people "adorn" Mr Sartzetakis with various epithets. We are transcribing here only a few: "Ambitious," "friendless," "unsocial," "arrogant."

Let us suppose that Khristos Sartzetakis was indeed hankering for an exalted position; can we assume that he had set his sights so high? Of course not, say his critics. But he at least considered as "secure" the presidency of the Supreme Court. It would not have been too easy during this year, because there were others ahead of him, but the Council of Ministers could have appointed him to the position without difficulty.

So much for Sartzetakis the man, Panagiotis Kanellopoulos' best man, who got married for the first time at 50 and had his first child at 55 after devoting much of his life to the study of law. But how about the legal personality?

Doubts arise here as well. One side says he is an excellent lawyer, and the other that he is "nothing special." The latter maintains that this is proved by his decisions, especially those issued during his stay in the Supreme Court, "which are dry, lack a sense of imagination and use grandiloquent phrases."

With regard to political experience and judgment, Khristos Sartzetakis gets a below average grade. Gossips say that this is exactly what made Andreas Papandreou select him. By placing around him a whole staff of politicians, diplomats, economic and military advisors fully trusted by Kastro, the prime minister obviates any "independent" move by Mr Sartzetakis and any opportunity for disagreement with the government.

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POLITICAL

GREECE

COLORED PRESIDENTIAL BALLOT AFFAIR DERIDED

Athens TO VIMA in Greek 28 Mar 85 p 20

[Article by Nikos Dimou: "All Cats Are Grey"]

[Excerpts] And I thought I knew Greek!

Now, after all the numbers, I am beginning to lose my words. My friend Dimitris tells me: "Here is a cat like yours."

"Like mine?" I ask. "But mine is all white. This cat is black!"

"The expression 'like'," my friend counters, "concerns the shape, not the color!"

"But then," I answer, "all cats are the same, since they have the same shape."

"Their size is different."

"But," I respond, "let's take another word, which is considered synonymous in the dictionary. The word 'similar'. What do we mean when we say two things are similar?"

"That they have the same appearance. The same external shape."

"My, but you are hard-headed, Dimitris," I say impatiently. "The word does not concern the shape, but the appearance. The external view of it." And I continue, now sure of myself. "But doesn't this concern the color as well? What is the color? Isn't it the thing that makes things seen? Without the color, there would be shape only in geometry."

It seems that my argument is making difficulties for Dimitris.

"All right, it may be that cats are not all the same, or similar--but they have the same appearance."

"You are crazy," I tell him. "Whatever has the same appearance has the same shape. One cat is black, but the other is white. There is basic difference in color."

"Wrong!" Dimitris shouts triumphantly. "Here is where I catch you!"

'Similar' means the same shape and not the same color."

"But, Dimitris, look at page 5,130 of the dictionary!" And I open the dictionary to the right page.

"Not necessary," he says. "I have a stronger authority than your dictionary."

"And what is it? Who can change words around?"

"I have the ultimate authority. Cats are all similar, they have the same shape, they have the same appearance."

"And who says that?"

"The Greek Chamber of Deputies itself."

CSO: 3521/233

POLITICAL

GREECE

#### STUDENT ELECTION RESULTS SEEN PROOF OF REALIGNMENT

Athens I KATHIMERINI in Greek 22 Mar 85 p 5

[Excerpts] New Democracy's student organization came in first in the student elections. This is the first time that has happened.

No matter how much the alchemies in calculations, joint computations of percentages and various other devices try to alter the picture, no matter how much most newspapers continue to celebrate in their titles the victory of the organization each would desire, the fact remains that the students who believe in New Democracy have won for the first time the biggest percentage in their elections. And, correspondingly, the student organizations of PASOK and KKE have lost it.

If it were a simple poll among 80 thousand people (this is the approximate number of students who took part in the elections), it would again be significant as a sign of the political orientation of the Greek people. But it is much more significant when it concerns students, this uneasy group who since time began has identified itself with evolution. Societies consider it an incarnation of progress, people entrust their future to it and revolutionaries, real or false, base their hopes on it and address themselves to it.

It is greatly significant that the largest percentage of this young world--identified with the future, with hope and with revolution--chooses New Democracy as the most appropriate vehicle to march to the future, the most appropriate ideological area to encourage its hope, the most appropriate political formation to make its revolution.

Truly, something has changed.

And what has changed is very deep. And the things it presages are significant and substantial, and, of course, pleasing.

They are pleasing because they bear witness that the student world, to the greatest percentage, has rejected irresponsible sloganizing and therefore will confront things in their essence, will use words with their real meaning. And this is the first prerequisite for there being some understanding within the tragic immobility in which our university education is sinking more and more every day.

The students know better than anyone what the situation in our university education has reached. The expression "nothing is working" is what they themselves

use very often when they wish to describe the reality of the situation. And they are also the ones most qualified to evaluate what consequences this reality has for them, what level of knowledge it can furnish them, and what certainty about their lives, what professional future lies in store for them and for what unemployment lists it is preparing them. It is not chance that, more and more, they are now placing their present life as students and their future life as professionals in the political and ideological area expressed by New Democracy, as the elections on 20 March showed.

As it is also not chance that this turn to the political and ideological area of New Democracy is being seen more and more frequently at younger ages, in the first university years, but also among students in middle education.

Something is happening! It appears that it is not the fate of Papandreou's socialism to have a long life. Greece will not become more unfortunate for this. Nor will democracy.

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POLITICAL

GREECE

BRIEFS

EVENTS CHASING TOURISTS AWAY--The first tourist waves are beginning to arrive in Greece. However, there seems to be some concern among tour operators and tourist offices. The reason for this being that the intense political situation has made the capital unsuitable for even short-term holidays. Demonstrations, strikes, the Cloud and some assassinations here and there, just for a change, are having their effect on foreigners, they are frightening them and making them into poor reporters of Greek reality. An attempt is being made to dispatch groups as soon as possible to the calm, untouched islands. With its multi-faceted pollution, Athens is henceforth only for us Greeks.... [Excerpts] [Athens I KATHIMERINI in Greek 4 Apr 85 p 4]

'SUSPICIOUS' U.S. MOVES REPORTED--An interesting detail: our great "allies" started a curious "game" some months ago. Some strange U.S. "retired" military are "spending their holidays" in Greece. The "story" started last September, when some "retired officers" arrived to revisit the spots where they had served years ago, and--at the same time--saw some of our own retired and active-duty officers, with whom they had long talks. It seems that they were very careful during the conversations: they did not give out any details, but they expressed "concern," without explaining the reason! Just so, in general.... In English, these tactics are called "feeling the ground"; and it seems that this what these retired officers, who had such longing to see our country again, were doing.... Some among our own people who met with them could not contain themselves and told them off! They also spilled the beans to government officials to warn them.... Are you warned? [Text] [Athens PONDIKI in Greek 22 Mar 85 p 8]

CSO: 3521/233

POLITICAL

ICELAND

# FOREIGN MINISTER DEFENDS POLICIES ON RADAR BASE DEVELOPMENT

Reykjavik MORGUNBLADID in Icelandic 2 Mar 85 p 2

[Text] Foreign Minister Geir Hallgrimsson said, among other things, at a meeting which he called last Thursday evening in Thorshofn, that if it so happened that the Althing decided to veto the construction and renovation of radar stations here in Iceland, he would have to re-examine his thoughts on whether he ought to resign as foreign minister. He said that he would rather resign than bear the responsibility for the kind of thoughtlessness that would be involved in such a vote.

This came out in a response given by the foreign minister to a question from Joan Thorsteinsdottir as to whether the Althing would be making a decision regarding the construction of new radar bases. The foreign minister answered that there was currently a proposal before the Althing from Steingrímur Sigfússon (MP, People's Alliance), giving the Althing the opportunity to vote against or in favor of the radar bases. The foreign minister had said that he would not present the matter in the Althing, but that it would be discussed in the government.

The foreign minister said: "This is a matter on which the foreign minister is empowered to make the decision, but it was never my intention to make such an important decision, more important than many others, without first consulting with the government. Of course the Althing has supreme power over what develops. If the Althing says that these radar stations should not be built, then I have no authority to have them built. But if such were the case, I would probably start wondering whether I cared to bear the responsibility for such thoughtlessness. It is likely, should I find myself not wishing to bear the responsibility for such thoughtlessness, that I would be examining my own thoughts as to whether I should resign from my position as minister over foreign affairs and security matters."

At the end of the meeting, Geir Hallgrimsson answered a question as to what he thought the reactions would be from the U.S. and from NATO if the Icelanders denied them permission to build the radar stations. He said: "The Americans and our allied nations in NATO would be disappointed, but they would comply with our wishes. We shall see."

POLITICAL

ICELAND

# ANTI-NUCLEAR PEACE GROUP ESTABLISHED IN WAKE OF ARKIN NEWS

Reykjavik MORGUNBLADID in Icelandic 28 Feb 85 p 35

[Text] The founding meeting of the "League for a Nuclear-Free Iceland" will be held this coming Sunday, 3 March, at 2:00 p.m. in Hotel Borg in Reykjavik.

Speeches will be given at the meeting by Solveig Georgadottir, Eriundur Patursson, Anker Jorgensen, a representative from Greenland, and Rev. Gunnar Kristjansson. Thorsteinn Gauti Sigurdsson will play the piano and Elisabet F. Eiriksdottir will sing a solo. In charge of the meeting are Thorhildur Thorleifsdottir and Asgeir Haraldsson.

Spokesmen for the League's preparation committee said that there would be heavy emphasis laid on the fact that the League was not a political organization, but that each member would join as an individual and determine on his own what position he would take on this issue. They said that it was convincing to have a multitude of people express their opinions on the subject without being connected to political organizations. Physicians, physicists, artists and teachers have come together and founded a league for the purpose of campaigning against nuclear weapons, though they might not all be in agreement. "The foundation of this league is the most realistic action the peace movement has ever taken," said Arni Hjartarson, who is the chairman of the League Against the Military Base. "Experience has shown that this is how it can be made possible to stand in the way of the supremacy of the nuclear superpowers."

The concept of a nuclear-free zone in the Nordic countries has a large following, and has been much on the rise recently. The parliaments of the Faeroe Islands and of Greenland have recently approved proposals concerning the affirmation of peace in their countries. The major political parties in Norway and Denmark are campaigning for a nuclear-free zone, and in Sweden and Finland, it is official government policy.

In the drafts for the League's agenda, it becomes apparent that it is the League's goal to see to it that the Althing make binding statements to the effect that Iceland should never receive or allow other nations to bring

nuclear weapons into the country or to come bearing such weapons into Icelandic jurisdiction. The league is also planning to campaign to have statements on the freedom from nuclear weapons put into the constitution of the Icelandic republic.

The League is going to select a seven-member temporary working committee at the meeting. The task of the committee will be to work on the League's first national meeting, which will be held some time before the end of May.

9584

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POLITICAL

ICELAND

# SOCIAL DEMOCRATIC ALLIANCE HOLDS SECOND CONGRESS

## Organizational Problems Discussed

Reykjavik MORGUNBLADID in Icelandic 2 Feb 85 p 29

[Article by Frida Frappet "Effort to Solve Disorganization Problem"]

[Text/ Organizations matters have been the biggest headaches for the leadership of the Social Democratic Alliance, prior to the party's second congress, to be held at Hotel Loftleidir next Sunday. According to those members of the party leadership interviews, there have been various proposals advanced but all those interviewed were in agreement that experience has shown that, with the prevailing disorganization, the party can no longer rely on having the necessary connection with the voters and enough support for reelection in the next election. Around 150 have registered for the meeting, which will be open to all, but those registering will enjoy full rights: eligibility, rights to vote and make proposals and speak. In addition, other interested parties can participate in the congress with rights to make proposals and speak.

There are many names on the list of registered participants that the party leadership has never seen before, they claim, and a large part of those who participated in the first party congress, held in November 1983 in Munadarnes--there were 80 participating--are not on the list. This gives rise to the suspicion that there are on the list of registered participants the names of persons who have made themselves conspicuous in the party of other political parties. It is thus understandable that some of the MORGUNBLADID's informants feel that there will be major questions about the results of the congress, both in terms of issues and organizationally.

There is discussion of organization, among other things, in a news release of the Social Democratic Alliance from last December. It is stated there: 'The public has criticized us for lack of organization'

decided upon at the party congress in Mundarnes in November 1983 was a natural first step for a political movement that wants above all to avoid the pitfalls of the old party system." Later it says that most are in agreement that experience shows that a certain inner structure or framework is necessary to increase participation, influence and the enthusiasm of the people. Notice is then made of some organizational proposals, everything from proposals to elect a Social Democratic Alliance Party Chairman and Vicechairman in the traditional form to proposals for the election of an informal advisory body. The Social Democratic Alliance Althing delegation is the only institution of the party at present. It proposes as its suggestion to the congress the election of a so-called national committee of 30 delegates and that the national committee should elect the party chairman and vicechairman from its members. In addition, it is proposed that the congress should elect the chairman of the Althing delegation from among party Althing delegates and that this person should become the political spokesman for the Social Democratic Alliance, with the chairman of the national committee taking charge of internal party business. Recently the proposal that there should be election of chairmen at the congress has lost a great deal of support. MORGUNBLADID's informants said that a powerful group is working towards having the congress elect only the national committee and mentioned several reasons why this has come about, to be discussed below.

There is the item, among others, on the agenda of the congress that bears the title "Discussion of the Record of the Althing Delegation." It is clear that in the discussions there will be an evaluation of what the Althing delegation of the party has accomplished and the four party Althing delegates.

MORGUNBLADID's informants were by and large in agreement that two of the party's Althing delegates, Stefan Benediktsson and Gudmundur Einarsson, have done well in the Althing. Concerning the position of the Social Democratic Alliance in the political spectrum, a good many were of the view that the party should neither look for or request discussions with other parties on bases of cooperation. The Social Democratic Alliance must, first and foremost, aim at proving its right of existence through good results for the party in the next Althing elections. It emerged from discussions with party leaders that the party Althing delegation had at first expected certain support from the Women's List in the Althing, since both parties come from the same roots, as one respondent worded it. That hope has proven completely wrong and, as one Social Democratic Alliance spokesman worded it, the women of the Women's List are "understandable to none."

Various names have been mentioned in discussions of congress elections, if there are elections. One proposal is to offer Member of the Althing Stefan Benediktsson as chairman of the party Althing



delegation and Gudmund Einarsson, member of the Althing, as chairman of the national committee. Also mentioned have been Kristofer Mas Kristinsson as vicechairman and Valgerdur Bjarnadottir and Agust Einarsson. Bjarnadottir and Einarsson have supported the party Althing delegation faithfully in its activities since the beginning. It is not unlikely that their names will be mentioned when thought is given at the congress to Social Democratic Alliance candidates for the next election. For various reasons there has been a loss of support for party chairman elections. First and foremost is fear that through such elections the Social Democratic Alliance will be stigmatized as a "traditional political party" in the minds of the voters. Thus participants at the congress are very much an unknown quantity and there are also certain internal problems. Among the issues, the political control issue and the sharing of power are likely to be the most discussed, and these are the areas that the Social Democratic Alliance is most interested in. One item on the congress's agenda is: "from the boxes" and under this item everyone will be given the opportunity to express themselves on the pressing issues of the day. The idea behind this heading is borrowed from the British Liberal Party, visited by Gudmundur Einarsson last autumn, and Einarsson thinks the British party to be very similar to the Social Democratic Alliance. One MORGUNBLADID informant said that there would be some discussion of foreign affairs at the congress since there were divided opinions on this within the party. One foreign affairs item among the points of discussion disseminated to congress delegates raises concern: "The United States supports dictatorial and conservative governments widely in the third world. How can we accept the presence of the American base in Iceland without being charged with foreign policy hypocrisy? In previous Social Democratic Alliance statements it has been made clear that the party supports the membership of Iceland in NATO. The party leadership has said that they support the presence of the American base under present conditions. Is the above mentioned item an indication of a Social Democratic Alliance change of policy in foreign affairs that will possibly emerge at the congress? It will also be informative to follow the struggle of the party leadership to preserve the proper lack of organization and secure at the same time "order in disorder," as one of MORGUNBLADID's informants worded it.

#### Party Situation Viewed

Reykjavik MORGUNBLADID in Icelandic 2 Feb 85 p 20

/Editorial: "The Social Democratic Alliance"/

/Text/ The situation of the leftists in Iceland is more fragile and changeable than their total following would lead us to believe. The Social Democratic Party and the People's Alliance have not accorded to the special political circumstances and party needs of definite groupings on the political left. It may be mentioned that a party

such as the National Party, which offered candidates for the Althing in 1953, 1956 and 1959 and elected two Althing delegates its first try, is long gone. The Association of Liberals and Leftists then offered candidates in 1971, 1974 and 1978, ultimately receiving as much as 9 percent of the vote and a five man Althing delegation. It later slowly died away.

Two of such parties, the Social Democratic Alliance and Women's List, emerged from the last, 1983 Althing elections. But both have new characteristics that distinguish them from older equivalents.

The Social Democratic Alliance is completely different than previous small parties; it ascribes to a liberal point of view to a great degree and has more in common with bourgeoisie parties in foreign and defense issues. It panders to essentially the same electoral following as the Social Democratic Party except that part came over to it. Social Democratic Alliance was propelled in the last election by the power of its founder, Vilmundur called Gylfasson.

The Women's List Alliance gained support from the People's Alliance in particular, in spite of its anti-political cloak in the beginning. Experience, which cannot be denied, shows that political alliances have, more often than not, common ground with the People's Alliance in terms of issues and Althing politics. The positioning of these groups is so close to the People's Alliance that it is difficult to see, if there is close cooperation with the People's Alliance of this kind, how they can accommodate to a conservative policy internally and western military cooperation externally.

The Social Democratic Alliance is holding an open party congress today, a congress that is worthy of note not the least on account of the upswing, which will have an undeniable influence on the People's Alliance, of the Social Democratic Party in the public opinion polls. The attention of political activists will be drawn in particular, perhaps, to the position of the congress on the cooperation proposals that have recently been offered to the Alliance from two utterly different directions.

On the one hand, the People's Alliance has sent its political opponent parties formal proposals on discussions to be aimed at "a new government majority," under the leadership of the People's Alliance. The Social Democratic Alliance, which has emphasized the obligation of governments and political parties to provide information to the public, has not found itself able to express itself directly and unmistakably on this issue, whether or not they are interested in such a "government majority" with the People's Alliance.

Secondly, the newly elected chairman of the Social Democratic Party has stressed merger or close collaboration of the Social Democratic and Social Democratic Alliance parties, which he considers to have a great deal in common. It would not be unreasonable for the congress to take a formal position on these two cooperation proposals, so that there is no question about where it is moving.

The only political analysis that discusses the Social Democratic Alliance gives the impression that there are within it two kinds of political points of view on various basic issues. On the one hand there is the liberal point of view, of which Stefan Benediktsson is spokesman, and which approaches in some areas the positions of the Independence Party. On the other side there is the leftist orientation, which approaches in some way the People's Alliance, Gudmundur Einarsson is the interpreter. The Social Democratic Alliance thus has good reason to draw up clearer policy lines, both on domestic political issues and on the party's position on security and foreign affairs.

Minor parties come and go in Icelandic politics, as the examples show, without having any real impact on political developments. They have not been successful in gaining a securer place in Icelandic politics. Quite the contrary. The major shortcoming of Icelandic politics of the present is, in the view of many, the fact that the public voter has a lack of trust in what kind of policies and political developments will result from his vote. This is due first and foremost, to the fact that no party has had a sufficient following to form a single party government and take responsibility for its policies and carrying them out. Coalition governments have been a choice based upon perpetual compromise and watered down policy goals.

The time has come to give one party a majority and the means to bear the responsibility for the government for an entire term of office. Thereby there would be clearer lines for the voters and more consistency in national government. This will not, on the other hand, be accomplished through proliferation of minor parties, even if they can have something said about them in limited issue areas.

#### Debate on Security, NATO

Reykjavik MORGUNBLADID in Icelandic 6 Feb 85 p 18

/Article: "August Einarsson at the Social Democratic Alliance  
Congress: 'The Statement on Foreign Affairs Is Terrible'/"

/Text/ "I will take the opportunity to bid the representatives of the press to proceed cautiously with that which lays before us as the results of the meeting. Under discussion here is the first draft of a resolution for the Social Democratic Alliance that will be improved on and there is much

in it that we are of two minds about, for example, the article on allowing foreign capital into Iceland and on a value added tax without exemptions. The statement on foreign affairs is in terrible shape." So said Agust Einarsson in conversation at the Social Democratic Alliance Congress on the results of the meetings wherein the development of what should be the party's policy took place.

The congress passed no resolutions on foreign affairs or on social, economic or employment issues or on the political control system or the sharing of power. Discussions of these issues went forward, on the other hand, in meetings and the results brought together. Thereby the platform of the Social Democratic Alliance has been shaped in these areas of interest. Kristjan Jonsson led the discussion on foreign affairs in the meeting on social and foreign issues. He was the party's proponent for foreign affairs at the congress. He said that people should desire peace to obtain among the nations and asked whether membership in defense or military alliances can be reconciled with the struggle for peace or with war. Jonsson said that the world is not peaceful, that an armed peace rules in our part of the world and military attacks elsewhere. It is difficult to contradict the fact that arms have kept the peace in Europe. Withdrawal from NATO and expulsion of the military garrison would solve problems, but it will be more difficult to carry out surveillance in this part of the world and this would increase uncertainties in view of the competition of the great powers in arms. Jonsson said that it was a very narrow-minded viewpoint to believe that the world would be more peaceful if there were no air surveillance base in Iceland and if people were to believe that we would begin to move towards disarmament by withdrawing from NATO and throwing out the garrison. That would be nothing more than unilateral disarmament, as Jonsson worded it.

Jonsson said, on the other hand, that Iceland is too lacking in independence in foreign and military affairs and that Iceland cannot be considered as an independent weapon of the United States within NATO. Our reactions are that if Reagan sneezes the Icelandic Minister of Foreign Affairs feels it necessary to catch a cold. Jonsson said that Iceland should rather encourage the policy of disarmament and place within NATO. Concerning the military base, Jonsson said that Iceland should set the goal for itself of carrying out itself the surveillance tasks that the Americans have taken upon themselves in Iceland. He said that it is hypocrisy and has humiliated Iceland to have foreigners take over such tasks. He would like to see Iceland take over that part of its defense itself, by raising an Icelandic army, and said that on account of centuries of aversion to weapons in Iceland that we should reconsider, American young people bear arms at Keflavik instead of ourselves. Jonsson indicated in the end his full support of NATO and military cooperation.

Bragi Melax said that the most reasonable thing to do would be to remain in NATO but said that Iceland should see to its own defense in peace time. Thorlakur Helgason said that he would struggle against any kind of military alliance and their expansion, and said that effort was being made to accommodate disparate views by continuing the policy that Iceland is best struggling for peace within NATO by continuing to be a member of the alliance.

Jonina Leosdottir said that the Social Democratic Alliance must have a clear position on foreign affairs, just like other parties, since foreign issues are weighty ones that must occupy a special place. Helgason said this view must be attended to since there are other matters that people within the Social Democratic Alliance are in agreement about. Jonsson said that in as much as the party is going to stand for election the voters have a right to know what the position of the Social Democratic Alliance is in matters of this sort. He said that the Independence Party has disappointed considerably in its efforts to explain the reasons for its policy of NATO membership, most likely because of the personal interests of individuals in the Independence and Progressive parties. There were strong feelings on this issue and there was a debate at the congress on the proposal of Einar Arnasson that Iceland should withdraw from NATO and lease the land for the military base, as the proposal worded it.

#### Leading Alliance MP Comments

Reykjavik HELGARPOSTURINN in Icelandic 31 Jan 85 pp 12-13

/Interview by Omar Fridriksson with Member of the Althing Stefan Benediktsson: "'By Nature I Am Lazy and Like To Take It Easy'"/

/Excerpts/ A great deal is happening with the Social Democratic Alliance these days. The young party's second congress will be held this Sunday and preparations for it have been going forward busily. Member of the Althing Stefan Benediktsson found the time in spite of time pressure due to the congress to sit down a while for an interview for the purpose of introducing him to the readers of HELGARPOSTURINN: "Yes indeed," he said, "how can I refuse." Even though his fellow party members are very busy everywhere, the table of the congress overflowing with papers and statements and everything is in pandemonium it was having little visible effect on Benediktsson's repose. We quickly began a quiet conversation, first on politics and later on Benediktsson's personal views on the role of the member of the Althing.

"I think so to be sure. I think that we are about to send down roots in Icelandic politics," said Benediktsson straightforwardly when I asked him whether or not the Social Democratic Alliance was going to gain a firm political footing. Did he have any doubts about this: "NO, I have never had any doubt about it but there has always been the possibility that would vanish from the scene and thus I have been in favor of not establishing the institutions that characterize other political associations and that could stand in the way of our vanishing if voter support ceased since a political association should be for the people and not for a party."

May we expect a battle for the chairmanship at your party congress as has characterized the meetings of other parties recently?

"No, that will not be the most important task of the congress. It is more beneficial for the congresses of political associations to appraise national issues than their own internal politics. Benediktsson was willing to make few predictions about events at the party congress so we turned the conversation to his own political activities. He was over forty when he first felt called upon to become a politician. Did he think about it before then? And why did he choose the Social Democratic Alliance and not some other party?

"I have always had a great deal of interest in politics although I have become a member of a party only late in life," He said that he had of course voted.

"One must understand the background of some goal before one can explain fully why a person is where he is and not somewhere else," he added after some thought and we then gradually uncovered his origins.

"I was born here in Reykjavik, in 1941. My parents were Benedikt Stafansson, commissioner in the Ministry of Finance, and housewife Steinuun Arnadottir. They were both socialists and that had its influence on my upbringing. But I was never pushed into becoming a member of a political association, such as the Socialist Party, the Youth Movement or the People's Alliance, when it came into existence, although I never had any interest in it. I felt that such associations were somewhat deceitful. Another thing that had an influence on me was a stay in the country with my grandfather and my uncles in Skaftafell in Oraefir. I stayed there every summer until I was 15 years old. I think that no one can live in the country for a long time without developing a trust in the individual and in his need for freedom."

The influence of Willy Brandt and the 'Revolution of 1968'

"After a period of some years I became very disinclined towards that socialism that paid its tithes to the east. After passing final



graduating exams from The Reykjavik secondary school, I went along with my wife, Drifa Kristinsdottir, to architecture school in the FRG."

Benediktsson studied at Aachen in the Rhineland from 1962 until 1971 and his stay in Germany had a great impact upon his views and expectations for his life.

"There I became acquainted with politics of another sort than found in Iceland. That was the era of Willy Brandt and of the student movement and I cannot say that I had become a sort of social democrat. The impact of the 1968 student revolts was especially strong. I think that the influence of this period in particular has made me a great component of institutions. My school was not free of those attempts made to increase democracy within the schools and I took some part in them. People went so far that they sent the teachers home and the students themselves took over the teaching positions. I think now how instructive it was to find out how difficult it was to change a system if it was not fundamentally changed since the government of students in the departments was in the same state as the government of professors after a few weeks."

Is that not the so-called iron law of the government of the few?

"Yes the problems are the same as those we are dealing with today, that is to say, doubt in the ability of man to save himself and a pervasive distrust of democracy. People also have a great deal of difficulty in freeing themselves from the belief that everything requires understanding and have difficulty in accommodating themselves to the fact that democracy is a nuisance that everyone is striving for."

Could Have Remained a Seaman

Let us go back to your years in secondary school. How were they for you?

"They were a mixture of many things. After I completed the third class I decided that education had nothing for me. I thus went to sea for a while. That was, however, during the years 1958 to 1959 and the future of fishing deteriorated so much that I returned to school and passed my student exams in 1962."

Would you have remained a seaman in the future if fishing had been better?

"Yes, but I think that I would have become a decent seaman and besides I enjoyed being at sea."

But it was nonetheless entertaining in the Reykjavik Secondary School during these years and the social life was rich. "It was during the last years of the cold war," said Benediktsson, "and all

discussion was very keen. I took part in political discussions but think that they must have given rise to feelings of aversion with respect to overzealous right or leftism. People tended to dogmatize one about the other and little progress was made thereby."

Vilmundur Gylfasson Advances a Radical Notion

"When I returned from Germany in 1971 I quickly began to work for the Social Democratic Party and took part in its civic politics. I discovered how difficult it was to put a proposal and solutions to problems into practice within a political movement wherein a large proportion of those individuals who will discuss or decide how something is to be achieved are not chosen democratically. Thereby the public does not have the opportunity to select or reject the immense number of proposals that arise within a party. I acquired my experience in this when sitting on the Social Democratic Party civic council, before which were presented a multitude of good proposals from good men, many of which were never seen by the public since people did not trust democratically elected representatives to review them.

"The experience of Vilmundur Glyfasson is a still better example. I came to know Glyfasson in 1972 when we were both studying at the Reykjavik Secondary School. I was studying art history in terms of architecture," he added by way of explanation. "Glyfasson advanced a proposal on the reconstruction of labor union issues that the party refused to carry out on its own for the sole reason that the party labor council did not agree to it."

Did you follow Glyfasson when he left the Social Democratic Party?

"No, I was not at the congress when he stood as a candidate but kept up with things naturally from a distance. When he conceived the notion that it might be time to form a new government majority based in particular upon the proposition that the representatives of the majority would work directly at the orders of the voters without the interference of party institutions and without connections with special interests I did not hesitate. I felt that the representative democracy that we use today was only a definite stage in the development of democracy and that the time had come to advance to the next stage; to increase the role of direct democracy."

"There was always enough optimism," said Benediktsson when I asked whether it required more than average credence in the good of such proposals to think that there was still space between the four old parties. "It was amazing how there sprouted forth a large group of men and women with interest in this point of view. The entire preparation process and election struggle were an immense joy everywhere."

## The Social Democratic Alliance Is in Tune with the Times

The conversation concentrated more and more on the issues of Social Democratic Alliance members. What the party stands for and what special positions it takes: "Haraldur Blondal has said that we are the real representatives of liberalism in Iceland," said Benediktsson and laughed dryly. "I hope to God that it is not so. I think that liberalism is the creed itself and the line of those that connect it with the Communists since both doctrines see money as the measure of the goodness of life and of happiness. Both doctrines have developed concepts of morality, justice and the worth of the individual. The concepts of both of these beliefs have grown absolutely out of connections with the moral foundations of Western culture, first and foremost of the Christians."

Are you a believer?

"No, and primarily so because I have never been convinced that there is life after death. Perhaps the reason is also that I have always been afraid of belief, whatever the kind, because of my view that all faith is used to justify and that it has been characteristic that most of mankind's crimes have been perpetrated in the name of righteousness."

Are you optimistic about your future political activity in the Social Democratic Alliance?

"Yes, I am optimistic, although I do not know where the optimism is coming from. The present party system came into being as an answer to the needs of the times. I am, I think, optimistic because I know and realize that the Social Democratic Alliance is in tune with the times and with life today."

Some say that the times call for cooperation, even amalgamation of "socialistic parties." Are you distrustful of such proposals?

"Not distrustful, since distrust is the sister of weakness and we are not weak with regard to our opponent political parties."

Do you think that the party congress this Sunday will take a position on this?

"I cannot say in advance where this matter will lead but it is stupid at least not to talk to the people about this. We are faced with the fact that many such movements and in addition the problems that people hope to solve are truly related to the fact that some groups with connections in varying communities are attempting to build a common house."

Cannot you as architect design something that will tie these movements together?

"Only in one area." And after a little thought the final words of Benediktsson were as follows: "Since we in the Social Democratic Alliance are willing to accommodate ourselves to the fact that our ideas of a change in the political system will not be supported by others and will not go forward we will be able to take the first step of converting all of Iceland into one electoral district."

Perhaps that will solve the problem of parceling?

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POLITICAL

ICELAND

# GOALS, ACTIVITIES OF BOLUNGARVIK PEACE MEETING EXAMINED

Reykjavik MORGUNBLADID in Icelandic 11 Jan 85 p 9

[Commentary by 'Staksteinar']

[Text] The radar station committee of the Security Affairs Commission was invited to a meeting on the radar station issue in Bolungarvik last week. As described by a reporter from MORGUNBLADID, the meeting "achieved what it intended to" and was attended by close to two hundred people. Before Christmas, an outdoor meeting and candlelight vigil was held in Bolungarvik protesting the threat of nuclear power, as described in yesterday's MORGUNBLADID. The meetings were organized by a new group which calls itself the League for Peace in the Northern Seas, more or less. (When are they going to protest the flights of Soviet remote-operated planes over nations bordering on those northern seas?)

Today's 'Staksteinar' reprints a portion of what was said at the outdoor meeting.

## Radar Stations Well-Known

We are taking no risks when we state that no development in the area of our national defense has been so thoroughly discussed ahead of time as the plans for two new radar stations, one in the northwest and the other in the north-east corner of our country. Since the original mention of the stations by Foreign Minister Geir Hallgrimsson, and the related work done by the defense department in the Foreign Ministry, we have had detailed accounts of the technological aspects connected with the stations. The Radar Station Committee, also, has called meetings in Bakkafjordur and in Thorshofn, where discussions were held with community leaders, as well as in Bolungarvik, where meetings were held with city leaders and the matter was discussed at a general citizens' meeting.

In view of the leftists' complaints regarding secrecy in defense and security matters, we ought to take note of the fact that it was only after an

Independence Party member became foreign minister that we saw such vast changes in the public dissemination of information covering all sectors of defense and security issues. If anyone is "guilty" of having shrouded our national defense work in secrecy, it is the leftists themselves.

Their position has been characterized for some time by equivocation, and it has often seemed best to them that the least said about security matters or defense developments, the better. It was quite obvious that this was just fine with the Progressives too, in past years. But when Olafur Johannesson became foreign minister, things changed for the better in this regard. Johannesson was not willing to play hide and seek on this issue. Now, however, it is the People's Alliance that wants to start up hiding and seeking again in defense and security issues.

But the difference between the People's Alliance and the Progressives in this hide-and-seek game is that the latter supported it so that they could come over to the left wing in politics when room was made for them; whereas the communists supported the hide-and-seek game with the same rationale that they currently use in trying to conceal their philosophical indebtedness to the leaders of world communism in the Kremlin.

#### Poor Speech

Yesterday's MORGUNBLADID carried a story on the peace demonstration in Bolungarvik on 22 December of last year, which was held to show opposition to the threat of nuclear weapons. One of the speakers, Petur Petursson, a physician, spoke as follows:

"Of course I do not need to tell you about the plans to build a radar station at Stigi. But I cannot refrain from expressing once more the distaste with which I have greeted all of the activities relating to the development of this matter: the secret societies that have been founded, the unholy oaths that have been taken by our community leaders in the Bolungarvik area. These behaviors make us suspicious that all is not what it seems, and that more is at stake than we originally thought. It bodes ill for our future, the way our Bolungarvik leaders have been unwilling to express their opinions publicly on this issue. The majority of our local community leaders have refused to have contact with the natural, domestic channels of information concerning the various aspects of this issue. All we have to trust in is the information provided by various biased NATO lackeys from the defense department, who actually have refused the right of the people of both Bolungarvik and Langnes to hold general citizens' meetings on the subject. Now they have finally begun to release the decisions of the defense department's radar station committee, served up in the style of the house. Their report seems best suited for the pupils in the seventh or eighth grade of a Westfjord grammar school, or maybe the members of the Independence Party Women's Auxiliary Club "Thuridur" of Sundafyllir. It shows us the aspects that have been hushed up, as taking their places as links in a chain. It seems to tell us, among other things, that we Icelanders are the only decisionmaking parties in this matter, and that we can order additional equipment to use domestically anytime we want.



The chief topic of Dr Petur Petursson's speech was the nuclear threat hanging over Iceland. The portion cited above, however, came toward the end of his speech. A more poorly informed logical position relative to the radar issue would be hard to imagine. The speaker avoided the central issues, and it actually became apparent by the time his speech got into print (in NT, on 8 January) that his main points were not even correct. The people of Bolungarvik were informed of all aspects of the issues at a general meeting. Steps have been taken to accommodate the requests of the people of Langnes for a similar meeting.

If the good doctor's positions on nuclear weapons are based on a foundation as poor as his ideas on the secrecy surrounding the radar issue, it would be nothing to be amazed at if his conclusions on the former were also incorrect.

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POLITICAL

ICELAND

## TWO POLLS SHOW DROP FOR PEOPLE'S ALLIANCE, GAINS FOR WOMEN'S LIST

### Independence Party Declines

Reykjavik MORGUNBLADID in Icelandic 10 Feb 85 pp 32-33

[Article: "Reykjavik Note, Saturday 9 February"]

[Text] "Icelandic politics are like the Icelandic climate, little predictable. One of the most difficult weather regions to gain a view of is the Social Democratic Party. For a long time there was almost no decent weather there. Later the sun broke through the clouds, there is a light breeze and it seems like there is a spot of blue in the gray cloud cover. But the change is only momentary. Only the future will tell if the lance of the chairman will find a better time in a meadow of flowers or only a 'tempest in a teapot'."

All public opinion polls provide certain indications of views and positions of the public and changes in views and positions. There are, however, uncertainties according to how polls are carried out.

The conclusions revealed by such polls are, to be sure, opinion-making to a certain degree for those who did not take positions, not the least when these conclusions are eagerly pressed upon the people, but not to the degree that some would like.

The advantage of a well done public opinion poll, even when the questioning is about a single, limited area, is that they are, for those with the power of decision, informative about public positions, that is, where the will of the majority is, the majority that should rule in terms of democracy. That is true when, for example, questioning is direct, for example, whether people would allow the sale of medium strong beer in Iceland or not.

Public opinion polls on the followings of the political parties, carried out properly, have both news value for the public and involve indications within them for politicians and political power.

It is extremely important that public opinion polls are carefully prepared and that they are preferably carried out by impartial parties. For this

reason, it is not unnatural for certain minimum requirements (qualitative limits) to be set for the carrying out of such polls, as is done in some places, without limiting the polls taken in any manner whatever. Some think also that the results of political polls should not be published in the last days before an election.

There follows and introductory discussion of a public opinion poll on the followings of Icelandic political parties and an analysis of the results, both in short and long term.

#### Social Democratic Party--Strong or a Tempest in a Teapot?

All public opinion polls give certain indications if the polls are carried out properly. The assertion is not unreasonable, however, that is often heard to the effect that a complete public opinion survey on the followings of political parties is that calculated in election districts on the day of elections. The last such survey took place in 1983. The electoral following of the Social Democratic Party then was 11.7 percent.

According to the Hagvang [HP] public opinion poll, the following of the Social Democratic Party was 6.8 percent in March of 1983 and 6.4 percent in July of 1984. The new figures are not from the same source. According to the DV [DAGBLADID-VISIR] poll, the following of the Social Democratic party was 9.4 percent in March, 9.8 percent in September and 6.2 percent in October, 1984, the lowest following for the party shown by the poll. The throw of the dice was completely different at the end of January. Polls then showed a rapid rise in support for the Social Democratic Party: HP, 15.3 percent, NT, 15.8 percent and DV, 20.1 percent.

According to the latest poll the party has left both the People's Alliance and the Progressive Party behind it. That is very nice, but the Social Democratic Party cannot go on like the popular song, which reads the riot act by saying: "I don't want to see you ever again!"

There is no doubt whatever that the Social Democratic Party is doing well if we look at the results of polls for recent quarters, polls that show a minimum following of 6.2 percent and a maximum following of 9.8 percent of those taking position.

Even compared to the election following of the party in April of 1983, 11.7 percent, the 20.1 percent is more than a small change. Thus it is not without reason that the new chairman of the party "sticks out his chest and struts" these days. Many have done the same for less.

Let us examine the election following of the Social Democratic Party in the last forty years: 1946, 17.8 percent; 1949, 16.5 percent; 1953, 15.6 percent; 1956, 18.3 percent; 1959, 12.5 percent in the Spring and 15.2 percent in the Fall; 1963, 14.2 percent; 1967, 15.7 percent; 1971, 10.5 percent; 1974, 9.1 percent; 1978, 22 percent; 1979, 17.2 percent, 1983, 11.7 percent.

These figures reveal two things. First of all, the following of the party has fluctuated greatly, back and forth (9.1 percent in 1974, 22 percent in

1978, 11.7 percent in 1983). Secondly, that the present increased party following is less than the party high point in 1978. Icelandic politics is like the Icelandic climate, little predictable. One of the most difficult weather regions to gain a view of is the Social Democratic Party. For a long time there was almost no decent weather there. Later the sun has broken through the clouds, there is a light breeze and it seems like there is a spot of blue in the gray cloud cover. But the change is only momentary. Only the future will tell if the lance of the chairman will find a better time in a meadow of flowers or only a "tempest in a teapot."

#### The People's Alliance--with It the Women's List

The People's Alliance got 17.3 percent of the vote in 1983. The DV poll in October of 1983 put its following at 18 percent. The same poll put the following of the party at from 14.9 to 20.3 percent at various times in 1984. The Hagvang Poll said that the following of the party was 9.3 percent in April and 14.9 percent in July of 1984. The NT considered the following of the People's Alliance to be 13 percent last November. Polls for the end of January show the People's Alliance at a real low point: NT, 15 percent, HP, 14.9 percent and DV, 13.5 percent.

The People's Alliance feels that it has maintained a position of strict political opposition since the government of Steingrímur Hermannsson was formed in May, 1983. In view of this, the above figures are nothing to rejoice about. On the contrary. The figures mean that the party has come home without any fish, to use sportsman terminology.

The Socialist Party, which once existed under that name, received 19.5 percent of the vote in the 1946 election, almost 40 years ago. Finnbogi Jonsson would have considered it no great profit for the National Construction if it gained only support similar to that of the People's Alliance, achieving only 13.5 percent support in the 1985 January poll, in all the years that the Socialist Party existed.

The People's Alliance has obtained a higher percent of the vote than the Socialist Party did in 1946 on only two occasions, that is, 22.9 percent in 1978 and 19.7 percent in 1979. The support of the party, on the other hand, declined to 15.3 percent in 1959. It tells its tale that the support of the party in the DV poll of the current month (13.5 percent) with the addition of support for the Women's List (10 percent) is the same or 0.6 percent more than the support of the People's Alliance in 1978, 22.9 percent. Who says that figures cannot be amusing!

#### Minor Parties--Then and Now

Since the Icelandic Republic was founded, five minor parties have tried to elect delegates to the Althing.

In 1953 two new parties, the Democratic Party and the Nationalist Party stood for election. The first received 3.3 percent of the vote, not sufficient for a seat in the Althing. The second received 6 percent and elected

two delegates. It received 4.5 percent of the vote in 1956 and 2.5 percent in 1959, but elected no Althing delegates in either year. Subsequently, the parties were out of the picture.

The Alliance of Liberals and Leftists received 8.9 percent of the vote in 1971, electing 5 delegates, 4.6 percent in 1972, and two delegates, 3.3 percent in 1978 and no delegates. Later it was out of the picture.

During the last election in 1983 the Social Democratic Alliance received 7.3 percent of the vote and elected four Althing delegates, the Women's List got 5.5 percent of the vote and three Althing delegates. The Social Democratic Alliance received 5.4 percent (HP), 6.7 percent (NT) and 6 percent (DV) in public opinion polls of recent months. The Women's List received 6.5 percent, 7.9 percent and 10 percent in the same polls. These parties are thus holding their ground after one and a half election periods.

It must be noted in advance that the January poll showed the People's Alliance and the Women's List with essentially the same support, which when combined equals the support of the People's Alliance alone in 1978 but now with two parties in the place of one. The Social Democratic Party and the Alliance of Social Democrats do better than the Social Democratic Party in its best election year with 26 percent of the vote together, compared to 22 percent for the Social Democratic Party in 1978.

#### The Government Parties

The Independence Party received 38.7 percent of the vote in 1983, 39.2 percent with independent party candidates. Its best achievement was in the Reykjaness area with 44.2 percent and its worst in the East Fjords with 24.5 percent of the vote. In spite of this the party has been on the attack. Since then the support of the party in polls was varied from 52.1 percent when it was greatest (DV in April, 1984) to 36.4 percent (NT in January, 1985). The HP poll shows a support of 39.7 percent and the DV poll 37.3 percent and the last two polls were both carried out in January.

It is clear that the support of the party has sagged since it entered the present coalition. The support was greatest when things were allowed to take their course and worthwhile successes were achieved in reducing inflation and in achieving stability in economics and prices but has declined in recent months after inflation has begun to increase again.

The party's election following was the least, since the establishment of the republic, in 1978 with 32.7 percent and the most in 1974 with 42.7 percent.

In spite of the slight decrease in support in recent months the party has by and large held its ground.

The Progressive Party received 19.5 percent of the vote in 1983. Since then the polls have given it uneven shares of the electorate, least at 13.2 percent (DV in late January, 1985) and most at 23.6 percent (NT in November, 1984).



Since the establishment of the republic the least electoral support of the Progressive Party was 15.6 percent in 1956, but it did not offer candidates in all electoral districts (the alliance of fear), The most was 28.2 percent in 1963.

Both parties suffered in the polls due to the difficult strikes that have led to rapid inflation, particularly the Progressive Party. The high percentage of those who took no position in the abovementioned polls, however, increases the likelihood of inaccuracy.

The position of the Progressive Party is worse in the densely populated area of Reykjavik and the Reykjaness. The party seems to be engaged in some kind of hide and seek there, at least the polls seem to see around it in that region. The explanation is perhaps that the party has not yet been successful in "finding itself" there.

The government parties as a whole, however, are in much the same position as before. They claim, if the will is there for both, that they will be able to maintain their strength, whatever the election outcome.

#### Primary Election

The question of a closed or open primary always comes to the fore when the people begin to murmur about the possibility of elections. This is the situation now, among others in the ranks of the Independence Party, although the term of the Althing has a while to last yet.

Those supporting a closed primary election point to two things. First of all, that it is the members of the relevant political parties, and they alone, who should decide in a democratic primary election what the arrangement of their own party list of candidates should be.

Secondly, that it is to the highest degree unnatural that a group of persons, perhaps associated with another party than that standing in the primary elections, should have influence, perhaps deciding influence on how a list of candidates is to be structured.

Those in support of an open election say on the other hand: The supporters and voters of a party are greater in number than the formal party members and have the same right to have influence regarding who will be on a list of candidates. Both points of view have something to say for themselves. Is no reasonable compromise possible?

Is it, for example, out of the question to limit participation in the election to: 1) party members, 16 years of age or older, the minimum age for membership in Young Independence Party Member Groups; 2) supporters, stating orally or in writing, as may be the case, that they are not members of other parties and will support the Independence Party in any potential election? Most people, perhaps all, are worthy of trust in this matter.



MINNSTA OG MESTA FYLGI STJÖRNMÁLAFLOKKA FRÁ 1944/KOSNINGAR 1983-KÖNNUN 1985/

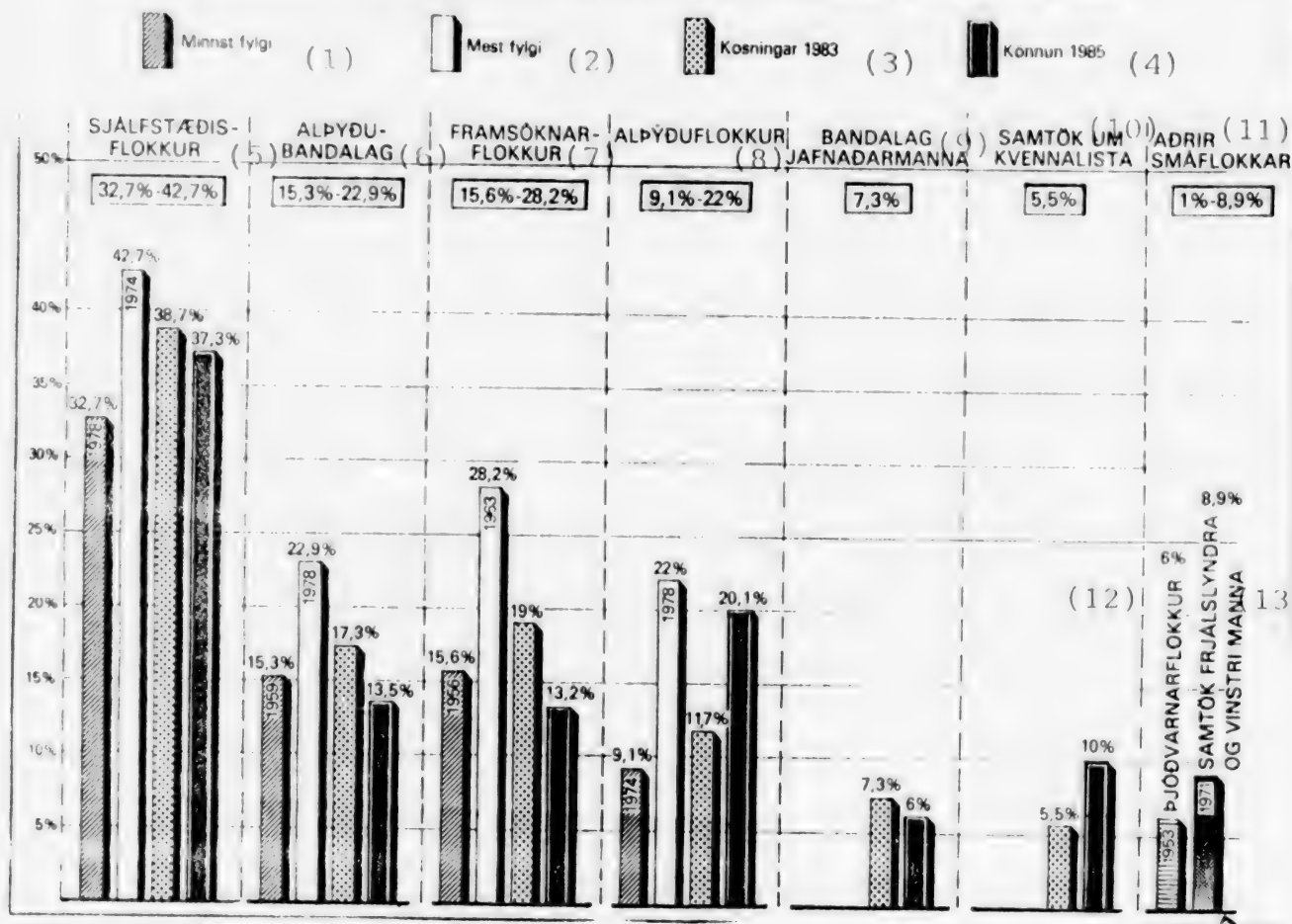


Figure 1: Greatest and Least Support of Political Parties, Elections 1944-1983 and 1985 Poll

Key:

- |                       |                                       |
|-----------------------|---------------------------------------|
| 1. Least Support      | 8. Social Democratic Party            |
| 2. Most Support       | 9. Social Democratic Alliance         |
| 3. 1983 Elections     | 10. Women's List                      |
| 4. 1985 Poll          | 11. Other Minor Parties               |
| 5. Independence Party | 12. Nationalist Party                 |
| 6. People's Alliance  | 13. Alliance of Liberals and Leftists |
| 7. Progressive Party  |                                       |

Small Leftist Parties Advance

Reykjavik MORGUNBLADID in Icelandic 2 Mar 85 p 27

[Article: "New NT Public Opinion Poll"]

[Text] The Social Democratic Party has doubled its support since the last elections according to a new NT poll reported on today in MORGUNBLADID. The government parties enjoy a total support of only 48 percent, including only those that took a position in the poll.

According to the poll, the Social Democratic Party has gained almost 12 percent since the last elections. The Independence Party has lost the most or 6 percent and the Progressive Party 4 percent. The other parties that have gained, in addition to the Social Democratic Party, is the Women's List, which has increased its following by around 1 percent, and the Man's Party, which did not offer candidates in the last election, with nearly 1.5 percent.

Those taking a position in the poll were divided as follows; changes from the last election are shown in parentheses: Social Democratic Party, 23.6 (+11.9 percent), Progressive Party, 15.0 percent (-4.0 percent), Social Democratic Alliance, 5.4 percent (-1.9 percent), Independence Party, 33.2 percent (-6.0 percent), People's Alliance, 14.7 percent (-2.6 percent), Women's List, 6.6 percent (+1.1 percent) and the Man's Party, 1.5 percent.

9857

CSO: 3626/22

POLITICAL

NORWAY

# CENTER PARTY CONGRESS STRESSES 'GREEN' ISSUES FOR CAMPAIGN

## Would Remain in Government

Oslo AFTENPOSTEN in Norwegian 15 Mar 85 p 3

[Article by Kjell Harberg]

[Text] Skien, 14 Mar--Center Party chairman Johan J. Jakobsen has a clear picture of the groundrules for the political debate in the Center Party: the party will discuss how it can strengthen its position and how what he calls Center ideas can have more of a political impact. But he pointed out on Thursday evening at the opening of the Center Party Congress that, "This debate will be based on the present coalition model. The Center Party wants to stay in the government."

Although the party chairman expressed concern over low voter support, in his introduction to the political debate at a banquet in the Ibsen House in Skien he left no doubt as to the value of the political results from almost 2 years of participation in the government: "A party that is willing to accept the responsibility of governing must be willing to be judged on the basis of the results it achieves while in that government. The Center Party's political performance as a governmental party must be judged on its merits by history and by the voters."

## Took Over Inflationary Norway

"In 1981 the Labor Party handed us an economy in disarray and a Norway that was suffering from inflation. Large portions of our business sectors stood with their backs to the wall. An unsuccessful countercyclical policy had led to record cost increases and lost industrial jobs--with increased unemployment as a result."

The Norwegian economy is now improving, according to both the Central Bureau of Statistics and the OECD. Inflation has been reduced by more than half, productivity in competitive branches of industry has improved, and for the first time in 10 years industrial production is increasing and unemployment is on the decline.

## Troubling

But the Center Party chairman by no means wants to understate the troubling aspects of present developments. "Sharp wage increases and almost uncontrolled growth in the credit market increase the danger of renewed inflation. In a situation where our trade partners also have enjoyed success in their battle against inflation, we are in danger of losing our competitive strength if this trend cannot be brought under better control."

## Increased Investments

Jakobsen also pointed to increased investments in several areas, as a direct result of improvements in the Norwegian economy: The national budget for 1985 contains increased expenditures for social welfare, improvements in the economic situation of families with children, heavier investments in rural areas, better financing for housing, more investments in communications, a better school environment, and increased aid to poor countries. The long-range program for the next 4 years, which will be presented in 1 week, will go even further than the 1985 budget in these areas, Jakobsen said.

## Regions

Regional policy is a required topic for any Center Party chairman at the opening of a party congress. Jakobsen devoted a large part of his speech to this and related topics. He pointed out that regional policy problems are now greater and more difficult to deal with politically than before. "The regions of Norway were strong after the EC battle. But the wave of benevolence that the construction industry was able to ride during the late 1970's is now dying down. Perhaps most important of all, the political figures involved in regional policy are weaker today than they were 10 years ago. In this situation, it is important that the Center Party hold positions of real influence in the development of regional policy."

## Regional Committee

The report by the Regional Committee has created a strong reaction and much concern among traditional rural industries. The Center Party chairman stressed that the committee had made many proposals that should be welcomed. "There is undoubtedly a great need for better and more comprehensive coordination of regional policy measures, such as proposed by the committee. But reports from the Regional Committee and the Tax Commission have also created doubt and uncertainty in rural areas, especially because of their proposed cuts in income transfer to agriculture and fishing. The situation in our rural areas today is not such that we can back down from our agricultural policy. For this reason, we must maintain the income and production goals in our agricultural policy that parliament drew up during the 1970's. The long-range program will also make clear that this is the government's policy, as well," Jakobsen promised.

## Care For Elderly

According to the Center Party chairman, care for the elderly will be one of the party's top priorities in the election campaign. "We are prepared to prioritize the consequences of the increased number of elderly over expansion in other areas of welfare," Jakobsen said. In this connection, he also brought up flexible retirement ages and increased support to parents of small children.

Four additional topics will dominate the Center Party campaign:

Increased allocations for employment and for rural districts to create a better balance in employment and housing. Local funds must be established to give the municipalities more responsibility and possibilities for taking steps in this direction.

Norwegian culture must be stressed in order to counteract the external pressure that is resulting from the media revolution. Norwegian, as a subject in school, must be emphasized. A larger share of the profits from legal gambling must be spent on organized sports.

The battle against environmental pollution must be stepped up. The Center Party would concentrate on reducing pollution in lakes and waterways and reducing air pollution, which is acidifying the environment and killing our forests.

We must invest in new technologies and growing industries in order to reach the goal of a well-rounded industrial structure in this country. Ocean cultivation, information technology, tourism, and forestry are examples mentioned by Jakobsen of industries with a considerable growth potential that must be utilized to secure employment and housing.

"These are central elements in the Center Party program and are important parts of a strategy for a secure future," Jakobsen stressed.

Jakobsen's speech at the party congress--and the negotiations during the subsequent 3 days--was the starting signal for the Center Party campaign. The party chairman himself signaled the beginning of the campaign as follows: "If we have faith in our cause and a willingness to work hard, we will put the opinion polls to shame once again!"

## Paper Lauds Chairman's Address

Oslo AFTENPOSTEN in Norwegian 15 Mar 85 p 2

[Editorial: "Center Party's Only Chance"]

[Text] The Center Party leadership is now doing all it can to appear as a credible coalition party, in hopes of putting the opinion polls to shame once again. We know from experience that the party usually does better on election days than on the many, often long, days in between. We can only wish Johan J. Jakobsen and his party luck in this venture.

The alternatives in this fall's parliamentary elections are clear. Either the nonsocialist three-party coalition government will receive a new mandate or we will face another term with Gro Harlem Brundtland at the helm of a Labor Party government. Such a government would be no less socialistic than the previous one under her control.

Jakobsen's speech at the party congress yesterday evening was a convincing testimony to the fact that he, for one, understood what was on the line. We are less sure, from bitter experience, when it comes to some of his fellow party members. With the party at an all-time low of about 5 percent in the opinion polls, the party hotheads would do well to listen to the party chairman.

The subsequent debate at the party congress and during the campaign must be based on the supposition that the Center Party will continue to participate in the government, he pointed out. "Each of the three parties presents its own political alternative with its own specific features, but in practical politics they have proven themselves capable of cooperating on joint policies in the best interests of the country. After almost 4 years of cooperation, they represent a credible alternative," Jakobsen said.

We must take a slight exception to his way of telling time. This exception to Jakobsen's 4 years is closely related to what we see as the Center Party's main problem. We believe that the party would have been far stronger today if it, along with the Christian People's Party, had become a full partner with the Conservative Party back in 1981.

Certain analysts have a tendency to explain the problems of the Center Party by stating that it has become lost in the shadows of the big Conservative Party. This is not the case. The Conservative Party has become the predominant nonsocialist party because it has assumed a comprehensive liberal-conservative position, with policies that appeal to broad voter groups in the political middle.

Of course, in this comprehensive view, it is important to nonsocialist voters that the Conservative Party has consistently stood up for a broad coalition, which it sees as necessary and as the only real alternative to a Norway under socialism. For long periods of time, however, the Center Party has been a vacillating party with neither an identity nor appeal to broad voter groups. At times the party has supported the idea of cooperation and at other times it has turned its back on both cooperation and the nonsocialist voters.

There can be no doubt that Jakobsen's consistent belief in broad nonsocialist cooperation is the only way out for the party. As a participant in this cooperation, the Center Party still has a mission in Norwegian society.



POLITICAL

NORWAY

DEFENSE LOBBYING GROUP WARNS OF LABOR PARTY ELECTION PLATFORM

Oslo AFTENPOSTEN in Norwegian 19 Mar 85 p 3

[Article by Thorleif Andreassen]

[Text] "We fear that the Labor Party's draft program would result in policies that would not safeguard the defense and security interests of Norway!" This sharp criticism was made by the Bergen Defense Association. The Labor Party itself asked the association to evaluate the party's proposed platform.

These evaluations are extremely critical and contain strong warnings against following the security policy course outlined in the draft platform.

Collision course with NATO, defense capabilities that are dependent on the good will of the Soviet Union, no consideration for the possible consequences of a nuclear-free zone treaty, undermining of the concept of military service--these are some of the numerous objections presented in the analysis by the Bergen Defense Association.

Too Far

"The Labor Party's involvement in and views on the campaign for disarmament seem to go further than what is warranted by pure security interests. In this connection, the proposed platform expresses a far-reaching desire to 'lead the way' in the field of disarmament." At the same time, the association points to a clear tendency to "tone down" the fact that arms control agreements must be balanced, reciprocal, and verifiable.

"In individual cases, there is a clear tendency to overlook security considerations involving the needs of NATO. This is true, for example, with regard to a nuclear freeze and a nuclear-free Nordic zone."

Break

The Bergen Defense Association continued: "Statements on disarmament in the proposed platform are closely linked to several important foreign policy issues. The recent security policy debate has demonstrated that the Labor Party is seeking a foreign policy profile that will affect our security policy

interests. In this connection, when it comes to priorities, there is a clear tendency to let security interests yield to other interests. This represents a break with the security policy Norway has followed for a number of years. Our security interests cannot be sacrificed for a policy of this type," the association warned.

#### Lopsided

The introduction to the Labor Party program clearly links Norwegian security NATO cooperation. "But it does not say why we need NATO. There is not a word about the Soviet threat to the nations of Western Europe in the areas of military and security policy. There is not a word about the major Soviet arms buildup."

It is the view of the Bergen Defense Association that, in the present situation, maintaining a strong and credible defense means strengthening NATO, both militarily and with support and solidarity. "For this reason, it is remarkable that the proposed platform is so lopsided in the direction of disarmament, confidence-building measures, and the dissolution of NATO." As an example, the association points to the following statement: "The goal of our participation in NATO must be to develop a firmer foundation for security in Europe than an alliance system that is based on military deterrence."

The Bergen Defense Association placed both a question mark and an exclamation point after this statement.

The recent security policy debate has demonstrated that this is one cause the Labor Party intends to fight for, even though it is meeting resistance within NATO. The most serious criticism made by the Bergen Defense Association in this regard is that the Labor Party seems to ignore defense and security considerations in connection with a possible nuclear-free zone agreement.

"The proposed platform devotes much attention to the effort to create a nuclear-free Nordic zone, but it totally ignores the possible consequences for Norway that could result from a zone agreement."

9336

CSO: 3639/96

POLITICAL

NORWAY

# CHRISTIAN PEOPLE'S PARTY REVIVES ABORTION AS CAMPAIGN ISSUE

Oslo AFTENPOSTEN in Norwegian 19 Mar 85 p 3

[Article by Odd Inge Skjaevesland]

[Text] Once again the Christian People's Party (KRF) is taking up the battle against abortion-on-demand. At a press conference yesterday, the KRF leadership announced that the party would propose a new abortion law during the next session of parliament. The new law would "guarantee the rights of the fetus." The KRF Executive Committee expressed regret that Borre Knudsen had been unsuccessful in his attempt to have the abortion law reviewed by the European Commission on Human Rights. The Executive Committee stressed that the Christian People's Party did not intend to "hold a monopoly on Christianity."

"The Christian People's Party will always defend the right of the fetus as an issue of utmost political importance," deputy chairman Anne-Olaug Ingeborgrud said at the press conference. She said that the Christian People's Party would step up its campaign for the "right to life of the unborn."

## Tax

The Executive Committee of the Christian People's Party chose not to propose a ceiling on interest rates, but said that an increased emphasis on gross taxes and lower marginal taxes would reduce the unfavorable aspects of unlimited deductions for interest payments on private loans. The Executive Committee also stressed the need for a more unified and realistic tax structure. At yesterday's press conference after the weekend meeting of the Executive Committee, party chairman Kjell Magne Bondevik said that more must be done to combat the "black economy."

The Executive Committee approved a draft statement for the party's congress in Trondheim 1 month from now. Only the representative of the KRF youth organization voted against the statement, which reads: "In the present situation, leading up to the elections in September 1985 and based on our experience with cooperation during the last term, the party congress recommends continued support for a three-party coalition government after the elections, if the parliamentary situation makes such a coalition feasible."

"Is there general agreement within the Christian People's Party on the government issue, Mr Bondevik?"

"We have general agreement. There are still some who believe we should not have joined the government, either because of the abortion issue or for some other reason. But we no longer have the painful situation we had 3 or 5 years ago," the party chairman said.

At the press conference, the chairman of the KRF Committee on the Elderly, member of parliament Eleonore Bjartveit, said that the public sector must take responsibility for care of the elderly. She stated that the normal retirement age should remain at 70 and that a lower retirement age must simply be an alternative.

The number of beds at nursing homes must be increased. Municipal health authorities are responsible for providing the necessary assistance to the elderly, including doctors, nurses, and physical therapists. All elderly persons should have access to health checkups, according to the Committee on the Elderly of the Christian People's Party.

9336

CSO: 3639/96

POLITICAL

PORTUGAL

# INCONSISTENCIES IN PS-PSD ALLIANCE POINTED OUT

Lisbon EXPRESSO in Portuguese 16 Mar 85 p 3

[Article by Jose Antonio Sariaiva: "The Picture of Machete"]

[Text] Last Saturday at the PSD [Social Democratic Party] National Council Rui Machete pointed to "Soarism" as one of the two "main enemies" of his party.

The statement caught the country by surprise.

In fact, because of it, the great majority of the Portuguese will ask the following question: "If Soarism is one of the greatest enemies of the PSD, how can it be explained that the Social-Democrats are in a government in which the prime minister is precisely Mario Soares?"

How can the PSD consider Soares its "main enemy" and at the same time be part of a government made up in its majority of Soares followers bent on taking Mario Soares to the Presidency?

To this the Social-Democratic leaders reply that they remain in government precisely to oppose Soarism. In other words, their presence in the Executive Branch is justified by the fact that they can be an obstacle to the Soares takeover of the country.

However, if things are considered in that manner, another problem arises: Why does Soares accept this situation?

How can Mario Soares accept a party which remains there as a companion in an alliance only to undermine him?

There are two types of explanations for this.

In the first place, Soares accepts the situation because he is convinced that he will be, despite everything, able to overcome the difficulties posed by the PSD and carry out his program. He must think to himself that the Social-Democrats talk a lot but conclude by doing little.

In second place, Soares believes that the breakup of the alliance would be worse for himself than the maintenance of the present state of things.

Having gone this far, however, we cannot fail to return to the beginning and ask: If the survival of the coalition is so important for the presidential success of Mario Soares to the point where he prefers to be mistreated every week rather than to break it up, why then does the PSD not leave the government, opposing the desires of the prime minister and doing that which apparently could do more to prejudice the victory of Soarism?

No one knows how to answer this question.

Better said, to understand what is happening, it is necessary to first perceive the perplexity in which the Social-Democratic leaders are living and which is clearly illustrated by the statements made by Rui Manchete on television last Saturday.

Machete began by saying that the main enemies of the party were Eanism and Soarism.

Later, thinking that what he said could have been too harsh, he hastened to add that Dr Mario Soares was not being condemned and that he deserved the greatest consideration and the greatest respect from his party.

There, however, after thinking a second, Machete believed that he could have exaggerated, this time in the opposite direction, and he more or less forwarded the following phrase as an anthology: Mario Soares deserves our respect as all persons deserve our respect.

It would be difficult in a short statement to draw a better picture of the present PSD.

8908

CSO: 3542/147



POLITICAL

PORTUGAL

#### PRD TOP OFFICIALS, STATUTES RATIFIED

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Apr 85 - 3

[Text] Herminio Martinho was confirmed yesterday as chairman of the PRD [Democratic Renewal Party] Executive Committee. The remaining members elected by consensus are Jose Carlos de Vasconcelos (Incumbent) Joao Dias Coelho (Lisbon), Maria de Gloria Padrao (Porto), Roberto Amaral (Azores), Antonio Loja (Madeira), Armenio Ramos de Carvalho (Coimbra), Fernando Dias de Carvalho (Castelo Branco), Ana Goncalves (Setubal), Joao Leao Meireles (Viseu) and Antonio Feu (Algarve).

The PRD National Committee approved the statutes of the party in Coimbra yesterday. The most important change is that which states that the president shall be elected to the list of the Executive Committee, which is understood in some circles as a concession so that Ramalho Eanes can be officially identified with the new party organization. Remember that in Troia the theory of a separate election won, which according to Belem sources displeased the president of the republic.

According to the new statutes, the National Convention shall be the highest body of the PRD. This body shall meet mandatorily every 2 years and shall consist of between 500 and 800 delegates "sufficiently representative of the rank and file because incumbents are limited."

On the other hand, the Executive Committee shall be made up of 11 persons elected by the Executive Convention, and the National Council (highest deliberative body between congresses) shall meet every 3 months and shall be made up of the chairmen of the district committees in addition to the 40 members elected at the National Convention.

Meanwhile, Herminio Marinho, Joao Botequilha and Miguel Caetano were appointed to the Organizing Committee of the National Convention, which will probably be held in May.

Herminio Martinho told ANOP that as of today "Joao Botequilha and Miguel Caetano are officially in the PRD and are going to participate actively in the life of the party."

The PRD leader said that the priority tasks to be performed by the executive bodies until the National Convention will be the collection of signatures for the legal formalization of the party and making sure that there is a continuation of its implantation.

8908

CSO: 3542/149

POLITICAL

PORTUGAL

PCP SEES ACCESS TO DEMOCRATIC PARTY ZONES THROUGH PRD

Lisbon SEMANARIO in Portuguese 9 Mar 85 p 2

[Article by Marcelo Robelo de Sousa: "The PCP Is To Be Congratulated"]

[Excerpts] The Portuguese Communist Party [PCP] is to be congratulated.

The present time is unexpectedly favorable.

It is to be congratulated because it is now exactly 10 years since the date which signalled the radicalization of the revolutionary process and in particular the nationalization and expropriation of important productive sectors.

It is to be congratulated because it continues to be able to capitalize on the errors and shortcomings of government actions in sensitive areas of collective life.

It is to be congratulated because the party has just been announced that is going to open the doors of access to power to it through parliamentary means, doing away with the chronic unviability which accelerated its "sticking" to the president of the republic.

It is to be congratulated because the new Democratic Renewal Party [PRD] is finally the instrument for access by the PCP to the zone of the democratic parties, resolving a "ghetto" of the PCP and potentially creating the conditions for a radical change in the existing political system.

It is also to be congratulated because of the confirmation of the possible presidential intention of dissolving the Assembly of the Republic, strengthening the forces of the Eanist Party and, therefore, broadening the strategic space of the PCP.

We have to agree that there are many simultaneous reasons for the understandable joy of the PCP.

Not to perceive that we are on the eve of very serious times is to live in a phase of the possible fall of a system without assuming the urgency or imperative of changing the system to prevent that downfall.

Or do the enlightened, the believers in inertia, those in power who are not capable of seeing what awaits them, believe that Portugal can be governed with five parties situated between 15 percent and 25 percent, and with two of them (PCP and PRD) strategically acting together, and that it could very well be that only with large three-party coalitions will it be possible to have parliamentary majorities?

It has not been proved that this is the most complex hypothesis that can be foreseen for the near future.

We are, therefore, months from a period of change, which it would be strange to ignore or minimize.

It is in this context that the PCP can very well consider itself broadly benefitted.

It can consider itself benefitted above all because 10 years ago the economic constitution which it created as of 11 March 1975 remains largely untouched.

Indeed, it was after the events of that date that the political radicalization led by the PCP and its military allies was unleashed, involving the process of collectivization of the Portuguese economy.

Later, in the midst of the Constituent Assembly, the PCP saw an economic constitution based on the primacy of the state sector and the irreversibility of collectivization approved with the vote of the Socialist Party [PS].

Similarly, later on in 1982, it saw that the constitutional revision did not touch essential aspects of the Portuguese economic system, since this was agreed upon by the PS itself.

Today, despite the recent acknowledgement that the economic constitution of 11 March must be drastically changed, it was not modified and the PC can well rejoice over that fact.

This party can also consider itself benefitted by its capitalization on the errors and shortcomings of the Central Bloc in Government.

Do not forget that the PCP lost its capacity for mobilization of masses because of the economic crisis and the specter of unemployment. There was some credit due to the parties members of the Central Bloc in that retreat or paralyzation. But it is not possible to minimize the picture of some state information, of some ministerial departments formerly the object of PCP voracity, the failures or hesitation in economic and social measures which could have changed the expectations of a future without hope or direction.

The PC can therefore celebrate the objective benefits it has obtained from the apathy and irrelevance of the coalition in power.

A third important reason why the PCP can consider itself benefitted resides in the announcement of the new Eanist Party.

The PRD is going to divide and weaken the existing parties in the democratic area.

The PRD has already publicly revealed that it is going to place a special emphasis on political dialogue with the PCP.

The PRD is going to open the door to the PCP, a door desired for entry into the zone of parliamentary access to the political power of the state.

Since 1976 it was obvious that in terms of parliamentary elections the PCP could not achieve access to government.

Since 1976 a basic frontier divided the PCP and its fellow travellers from the area of the democratic parties.

Since 1976, contained within a political "ghetto," losing influence among the unions and the power of mobilization among school youths, the PCP sought desperately to open a communicating door to that area.

Up until 1978 it bet on the tactic of "sticking" to the PS. From 1979 until today it identified itself obsessively with the president of the republic.

What the PCP did not manage to obtain by means of parliamentary elections, it tried to gain by means of presidential elections.

Now the PRD is going to strategically provide the PCP with that which it will not obtain by any other means--not even by the mere "sticking" to the president of the republic, the scheduled dialogues with the faded MDP/CDE, or political and military initiatives interposed with the appearance of the celebration or consecration of the regime or existing system.

It is enough for the PRD to become a pivotal party essential to the Portuguese political balance, for the PCP to acquire for once and for all a greater weight in parliament and perhaps in the government.

It is enough for the PRD to become implanted, even temporarily, and capable of occupying electoral space in the democratic area, for the PCP to enter (and enter in force) into a political zone which has been off-limits to it for 10 years.

Those are the appreciable reasons for the present happiness in the PCP.

It remains to add that this rosary of favorable factors would reach its peak if the president of the republic were to dissolve Parliament, leading to legislative byelections, launching the PRD and delaying, even if only slightly, the presidential elections.

Obviously, it is still too early to state that the president has the courage and the capacity for decision necessary for advancing along a road which would greatly split the nation. And Belem will be denying that it thinks the opposite. However, it is understood that the temptation may come to be enormous and seductive: The PCP, for example, will do everything so that there will be a dissolution of Parliament that will broaden its already broad maneuvering space.

Could it be that its actions could once more be a powerful element in the presidential decision?

One thing is certain: The PCP is to be congratulated.

It maintains the 11 March Economic Constitution untouched, it capitalizes on many of the weaknesses of the Central Bloc; it is a step away from reaching, through the creation of the new PRD, the political purification bath which will immediately cause everyone to forget its activities in the revolutionary process 10 years ago.

To conclude, it remains only for Gen Antonio Ramalho Eanes to compensate it for the years and years of strategic loyalty and constant political devotion.

From now until July we shall see what price the communists ask from the president of the republic elected because of their vote on 7 December 1980.

8908

CSO: 3542/149

POLITICAL

PORTUGAL

# PCP CAMPAIGN BASED ON FEAR OF SOARES' PROMISE

Lisbon SEMANARIO in Portuguese 10 Apr 35 p 14

[Text] Tens of demonstrations throughout the country, with the "high point" of a parade between Martim Moniz and Alameda in Lisbon, signal the beginning of a new offensive by the Inter and PCP [Portuguese Communist Party]. The message of the so-called national campaign of struggle has one addressee: Eanes.

In a street manifesto, also distributed to the media, the CGTP [General Federation of Portuguese Workers] states that "what is frightening the workers and public opinion is not the demand for the resignation of the PS/PSD [Socialist Party/Social Democratic Party] government, but the fact that this 'misgovernment' has not yet resigned..." The message, addressed to Belem in the sense that the president take the initiative of dismissing the government and dissolving the Assembly of the Republic, is obvious.

It is also a message which is not exclusively of the Inter and neither are the words used. For example, let us look at an extract of the speech by Alvaro Cunhal at a rally held in Coimbra last Saturday: "On many occasions what has frightened public opinion is that the government was not then dismissed." Also, in line with the same "cassette," Joao Silva of the executive committee of the Lisbon Federation of Unions, repeated word for word the theory of the PCP secretary general in an interview granted to O DIARIO and published days later.

However, not even the demand in the street that the government should be dismissed is a PCP suggestion offered to the present coalition. The communists, and through them Inter, repeat the same claim since they left the circles of power in which they had participated after 25 April, almost 10 years ago. They behaved that way toward the Socialist governments, that of the PS, the CDS [Social Democratic Center Party], those of the AD [Democratic Alliance] and so forth...and they began to have some reason for fright when placed before the duration of the term of the present coalition they appeal once more to Eanes. Even as the PS/PSD government team was making its preparations, PCP leader Carlos Brito was already forecasting that Mario Soares would fall, "battered by the popular struggle and in the midst of shocks, confrontations and insults of his own followers," for which reason he declared that it was time to "begin to prepare the alternative."



The strategy has been clear: "The PCP demands the dismissal of all governments in which it does not participate, either directly or indirectly, and it lives for the creation of conditions that will allow it to return to co-existence in the summit of power, without this meaning, as has happened, a call for the creation of a new party with presidential aspirations (it is there).

That is the reason for the new drive .unleased now. For this type of demonstrations, moreover, the communists only need to change the slogans, which they adapt according to the arguments of each occasion.

And the arguments for this occasion are equally clear: The coalition has in its hands plans for in-depth legislative changes, which threaten to collapse the unstable and faulty empire on the basis of which the PCP built its sacred "irreversible conquests." And it appears that there are reasons for the communists to believe that for once it is possible that Mario Soares may keep one of his promises. Remember that the present prime minister promised in his inaugural speech in 1982 that "The government will have the political courage to take the measures believed necessary for recovery, regardless of how hard they may be..."

8908

CSO: 3542/147

POLITICAL

PORTUGAL

#### POLL RANKS POLITICIANS BY THEIR QUALITIES

Lisbon SEMANARIO in Portuguese 16 Mar 85 pp 10,11

[Article by Margarida Viegas: "Do You Believe in These Politicians? Why?"]

[Text] Viseu and Vila Real particularly value consistency, which they give second priority. Intelligence is valued above all else in Coimbra. Like cultural level, patriotism is considered unimportant, although Evora disagrees. There is no one in Lisbon or Porto, who raises his voice in favor of austerity; perhaps people have confused the desirable containment of political spending with the less desirable containment of their own spending.

However, since those questioned could only choose one quality, it is legitimate to suspect that they valued some of them more than it appears in cold figures, although not enough to attribute a primary priority to them.

A direct present from SEMANARIO to Belem by way of NORMA: The people believe in Eanes. At least, when confronted with a list of 20 politicians for almost every taste, they picked him out as the most credible, which, in passing, is not forbidden. However, the greatest surprise of the survey was provided by the calm and aloof Professor Freitas do Amaral, who appeared in second place in the trust of the Portuguese, beating Pintasilgo, the leaders of the four major parties, including his, and all the rules of forgetfulness. Honesty and competence are the things the majority ask for the most from the politicians and they believe they abound in the faithful guardian of the constitution as well as in him, who to the sorrow of many, refused to be a candidate to succeed himself.

The NORMA pollster knocks on the door. Of the politicians on this line, he asks, please choose the one "who you think has the greatest credibility, the one in whom you most believe."

And he showed a card with 20 names, at that time arranged in alphabetical order and reproduced here according to the declining order of the results. It contains nothing new: 27.7 percent--a substantial and dominant portion of opinion--trust in the one of whom it is said: "Many promise, Eanes Acts."

Something which despite the persistent popularity of Freitas do Amaral is felt by more than double the number of those loyal to the professor: 12.4 percent. However, the sound of his calm discourse, even today, is more convincing than the militant exuberance of Pintasilgo (chosen by 7.4 percent) or the speeches of Soares, Mota Pinto--leader of the PSD [Social Democratic Party] at the time of the poll--Cunhal or Lucas Pires.

The list included seven independents, four members of the PSD, four of the PS [Socialist Party], three of the CDS [Social Democratic Center Party] and one of the PC [Communist Party]. Among the 10 most trusted by the public were two independents--Eanes (First Place) and Pintasilgo (third place)--two Social-Democrats--Jardim (fourth) and Salgueiro (eighth)--two Socialists--Soares (sixth) and Constancio (tenth) and, significantly, 100 percent of the centrists suggested, which means all three of them: Freitas do Amaral in second place, Lucas Pires in fifth and Adriano Moreira in ninth. Mota Pinto came in eleventh, with 1.9 percent, achieving the uncomfortable double distinction of having less credibility than other Social-Democratic leaders, and of being the least voted for among the leaders of the main parties. The modest placing of Almeida Santos--0.6 percent, three-tenths less than Jaime Gama--would also be a surprise, explainable perhaps because of being overshadowed by Soares. In turn, either because he is not considered a politician or because he has not been able to be convincing, Ernani Lopez almost did not make the list.

Among the six cities considered--as usual, Coimbra, Evora, Lisbon, Vila Real and Viseu--Lisbon is the one which most closely followed the average opinion, duplicating it to the fourth place on the list, but with one notable exception: it did not trust the respectable prime minister, who it relegated to an obscure 12th place, sadly placing him in a general classification, which in passing will not make him too happy by giving him a lower rating than Lucas Pires and Jardim.

And speaking of relegation, note that masculine aversion continues to dim the Pintasilgo saga: A breakdown of results, which the lack of space prevents us from reproducing, reveals that men placed her in ninth place. In their opinion, the third place belongs to Lucas Pires (after Eanes and Freitas) and fourth place equally to Cunhal and Adriano Moreira. Women have shown absolute trust in the lady engineer, exceeded only by their trust in Eanes, and placing Lucas Pires in ninth place on the list.

#### We Like the Serious Ones

Trust is the result of a mysterious alchemy. What undefinable fluid leads us to believe in this one and disbelieve that one? Since polls do not do well with those types of abstract things, a more earthy approach was attempted. Prior to asking the questions, those polled were asked about the qualities most valued generally in politicians. Then after the people had chosen a specific name from the list, they tried to find out why.

Honesty--This is what was clamored for and it is also what the public believes it discovers in those it elects, although in a lesser degree than it would like. It is invoked as the main attribute which justifies trust in Eanes, Freitas do Amaral, Adriano Moreira, Melo Antunes, and, more than a main attribute, almost the exclusive preponderant quality of Ernani Lopes (98.3 percent of his favorable attributes), Pinto Balsemao (96.6 percent) and Jaime Gama.

Competence--The second most valued attribute in abstract, and the most recognized specifically among the 20 men on the list. Record holders--100 percent of those who checked their names did so in the name of competence--are Paulo Valada, Almeida Santos and Rebelo de Sousa. However, also in the group of those chosen, more because of competence than any other attribute, are Vitor Constancio, Pintasilgo, Soares, Jardim, Mota Amaral and Costa Gomes.

Authority--(not valued very much in public opinion) is attributed to one man: Mota Pinto. Only in him does it shine as the predominant virtue. It was invoked by 52.2 percent of those who believe more in the Coimbra professor than in any other. With significantly less authority are Soares, Adriano Moreira and Eanes.

Intelligence--This is also less dear to the governed (or at least it is less valued than other characteristics). They see it more in Mota Pinto, Melo Antunes, Rebelo de Sousa and Jaime Gama.

Austerity--Almost no one likes it. However, 31.8 percent of those who believe in Vitor Constancio see it in him because of the demonstrations of it he gave. In addition to the new governor of the Bank of Portugal, only in Freitas do Amaral and Ernani Lopes does the public find vague traces of that austerity.

Consistencency--In the eyes of the people it is not the greatest virtue of any of the 20. They recognize, however, a large amount of it in Costa Gomes and Joao Salgueiro...Others find some of it in Almeida Santos and a few in Eanes.

Cultural Level--There is only one who has any: Salgueiro, and no other. No fewer than 19.6 percent of his supporters see culture in him above anything else. Sight is lost of some vestiges of knowledge detected in Freitas do Amaral, Cunhal and Lucas Pires.

Patriotism--Unnecessary. Who would have thought it! A few isolated voices recognize it, however, as the reason for the credibility of Eanes and Pintasilgo.

What is the quality you value most in a politician?

1. Honesty.....	62.1
2. Competence.....	11.6
3. Consistency.....	6.2
4. Intelligence.....	4.1
5. Authority.....	3.5
6. Patriotism.....	0.8
7. Cultural Level.....	0.5
8. Austerity.....	0.2
9. Other.....	1.9
10. Answer.....	9.1

Why does the politician you selected deserve your credibility?

1. Competence.....	26.9
2. Honesty.....	26.6
3. Consistency.....	6.4
4. Authority.....	3.0
5. Intelligence.....	2.2
6. Austerity.....	1.0
7. Cultural Level.....	0.8
8. Patriotism.....	--
9. Other.....	14.7
No Answer.....	22.7

### The Political Class

And now a fast picture of our political class--my apologies Mr President, with you in the lead.

The president is the most believed politician by the two sexes of all ages and social status everywhere. He swore to uphold the constitution, he did it, and by all appearances that is enough. He was chosen by a maximum of people in Porto (32.9 percent) and by a minimum in Viseu (17.5 percent). He is less liked by the upper class than by the others. Viewed as an authentic mirror of virtues ranging from the all-important honesty (46.9 percent) to a notable competence (26.2 percent), he achieved some consistency (10.3 percent) and some traces of authority. With so many attributes, it is not surprising that only 0.9 percent venerated his intelligence above everything else.

Freitas do Amaral: "It is good that you ask me that question," he always said to his interviewers when the question was particularly difficult. He would then confront it with that calm logic which in fact inspires trust.

Well, today he is in second place in trust in Lisbon and Porto and in the country as an average. Lucas Pires and others passed him in Coimbra, Vila Real and Viseu, however. In Evora he shares third place with Cunhal. The upper class places him only 5 points from Eanes and the middle class a good distance back but still in second place. Like the president, they praise his honesty (44.5 percent) and competence (39.5 percent). His consistency, intelligence, cultural level and austerity are also emphasized.

Pintasilgo: Her 7.3 percent is the average among 11.7 percent of the women and only 2.3 percent of the men. She had a record figure in Evora--14 percent according to her position on the list. The engineer is the third hope of the middle class (behind Freitas) and of the lower class (behind Soares). Unlike the foregoing, she is scored higher in competence (6 percent) than in honesty (20.2 percent).



Jardim--Hurrah! The first Social-Democrat to acquire credibility in the public. If Coimbra and Vila Real were to be swept from the map, he would fly even higher. He is supported by Evora, which supports him--6 percent are betting on him. He particularly obtained the support of the upper class, which places him in third place, while on the average he is relegated to sixth place, even with Lucas Pires. Like Pintasilgo, they find him competent and honest, in that order.

Lucas Pires does not convince the ladies, who gave him short shrift: while for 6.6 percent of the men he was the most solid pillar, only 1.8 percent of the women shared that opinion. If it were not for Eanes, both Viseu and Coimbra would give him the title of the most credible politician. Forget Evora. Strangely enough, the majority (68.3 percent) chose him for "other reasons" than the beautiful qualities suggested in the list. Among them figures competence (recognized by 13 percent), with honesty and consistency being equal and below.

Soares --The Socialist star of the list is in sixth place. In Lisbon, which is vexatious, only 1.5 percent believe in him. Porto is more auspicious. It is there that with 7.8 percent Soares is third in general trust after Eanes and Pintasilgo. The highest socioeconomic class does not believe in him and only a scant 0.9 of its ranks support Soares. This is compensated for by the support of the lower class (9 percent), while the middle class believes in him at a middle level. Why? Because of his competence (32.3 percent), which generally is not mentioned but now emerges in this poll, honesty (17.8 percent), and an appreciable level of authority.

Cunhal--Viseu destroys him (0.8 percent) and Evora saves him (8 percent). It, however, believes in him less than in Eanes or Pintasilgo. He is a politician in whom only the middle class believes--the poor and the rich, zero. Also, like Lucas Pires, he is a politician respected above all because of the so-called "other reasons." Among those in the list he is attributed honesty and consistency; as far as competence is concerned, we are convinced.

Salgueiro, is the second Social Democrat among 10 others. Mentioned only in Lisbon, Porto and Vila Real, he is the only one in whom consistency obscures his other qualities, the only one esteemed for cultural values...on a par with competence, but only by people over 45 and of the upper class.

Adriano Moreira has most of his followers in Lisbon, among the older people. He convinces the upper class very little--less than Cunhal if you can imagine--but the middle class listens to him. He is a man respected for his honesty (49.4 percent), competence and authority.

Vitor Constancio, who finishes the list of the highest 10, sees his significant competence making him believable in Lisbon, Porto and Coimbra. This is almost entirely in the opinion of men, of the young, particularly in the upper class. He is the only one who is associated with austerity by a significant percentage; one of the few esteemed because of his consistence. Only Costa Gomes scores higher than he.



Mota Pinto is believed by the entire country, but in a minor degree. Those who trust in him attribute surprising qualities to him: Above all there is authority (52.8 percent), then comes intelligence (25.8 percent, the maximum), further down, honesty. He does worse in competence. He is honored by the elderly and the middle class, who prefer him to Salgueiro and Constancio. Costa Gomes, the bulwark of consistency (39.8 percent) is an example of competence (55.1 percent) and is one of the three on the list with a score (although small) in austerity. Rebelo de Sousa shows up as a man of Lisbon and Porto (particularly Porto), listened to by the upper class thanks to a high score of 75 percent in competence and a 25 percent score in intelligence (not even an iota of any other). Jaime Gama is only trusted from Coimbra on down and only by men, only theyoung, only the middle class. The attribute of honesty is applied to him (78.4 percent), combined with some intelligence and competence.

However, the great champion of honesty is Balsemao. Since 96.6 percent is outstanding, there is nothing left for the other attributes in this former prime minister, who is remembered exclusively by middle class men of over 45. With respect to Paulo Valada, 100 percent of his believers venerate his competence. Mota Amaral, very far down on the Continent, has no followers in Lisbon (or in Vila Real either). The misunderstood minister of finance, Ernani Lopes, convinced very few and these attributed great honesty to him (98.3 percent). Melo Antunes, who is only put ahead of the others by the people of Evora, received tributes for his honesty and competence but also for the quality of his grey matter.

The public will not always be right but neither will it always be wrong. There is rarely smoke without fire.

#### Freitas do Amaral Follows Eanes

1. Ramalho Eanes.....	27.7	12. Costa Gomes.....	1.3
2. Freitas do Amaral.....	12.4	13. Marcelo Rebelo de Sousa....	0.9
3. Lourdes Pintasilgo.....	7.3	14. Jaime Gama.....	0.9
4. A. Joao Jardim.....	5.1	15. Pinto Balsemao.....	0.7
5. Lucas Pires.....	4.1	16. Paulo Valada.....	0.7
6. Mario Soares.....	3.7	17. Almeida Santos.....	0.6
7. Cunhal.....	2.8	18. Mota Amaral.....	0.6
8. Joao Salgueiro.....	2.5	19. Ernani Lopes.....	0.3
9. Adriano Moreira.....	2.4	20. Melo Antunes.....	0.1
10. Vitor Constancio.....	2.1	No answer.....	21.9
11. Mota Pinto.....	1.9		

8908

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POLITICAL

PORTUGAL

# POLL RESULTS SHOW APU, ALLIANCE LOSSES

Lisbon SEMANARIO in Portuguese 9 Mar 85 pp 10

[Text] Only 10 percent? NORMA did its usual work and the result is this: The Eanist party (At the time its name was not yet known) made its formal debut in the surveys on legislative elections with 10 percent of the votes. Even so, it is a significant jolt for the APU [United Peoples Alliance], which suddenly loses 2.3 points. The parties of the bloc also suffered a decline, which has been happening to them for months. Only for the CDS [Social Democratic Center Party] did things go well.

The CDS, whose congress coincided with the last days of the field work of the poll, which took place between 15 and 25 February, held a meeting in Troia, where the formation of the Democratic Renewal Party [PRD] was announced.

NORMA could not, therefore, write the initials PRD in its vote bulletins, resorting to the formula "Eanist Party" to test for the first time, on a level of equality with the other competitors, the electoral strength of the movement of the former CNARPE [National Committee for the Reelection of President Eanes]: 10 percent as of now. This is so despite the fact that with the exception of the CDS all the legislative parties gave up voters to the newly arrived party.

It is with perplexity, on the other hand, that an acrobatic leap in the level of abstentions--29.9 percent, an absolute record--is noted.

That system continues to be led by the PSD [Social Democratic Party], which in a gently descending curve today, with 21.6 percent, shows its worst results in recent months, recorded during the acute crisis of last November. With respect to the PS [Socialist Party], it equals the figures of that time--20.7 percent--which were not happy for it either. Considered in a bloc, the bloc lost 17.5 points since the 1983 elections.

Also a new figure is the fact that the APU barely surpassed the CDS by two-tenths, 17.8 percent to 17.6 percent, respectively, a closeness which may probably reflect a tendency toward an exchange of places created by the appearance of the PRD.

Voting in 6 Cities	Totals in the 6 cities						Lisbon	Porto	Coimbra	Evora	Viseu	Vila Real						
Elec- tions	1983 %	Jan 1983 %	Elec.		Elec.		Elec.		Elec.		Elec.		Now %					
			Now %	1983 %	Now %	1983 %	Now %	1983 %	Now %	1983 %								
Abstention	19.0	24.8	29.9	19.8	32.7	17.2	24.8	19.5	28.6	17.3	17.2	23.2	28.6	18.3	27.2			
Votes:																		
APU	21.1	20.3	17.8	22.6	19.2	17.1	14.4	16.9	14.8	40.3	30.9	6.4	6.5	10.6	13.0			
CDS	14.0	16.2	17.6	14.3	17.1	14.3	20.8	13.6	12.4	6.3	9.1	19.8	20.5	11.1	14.1			
PSD	24.8	22.9	21.6	23.7	21.8	27.0	22.2	25.7	15.9	21.9	20.1	34.1	27.0	32.3	19.4			
PS	35.0	21.3	20.7	33.9	21.5	37.5	19.8	39.4	22.6	26.6	11.3	35.3	13.9	41.3	29.5			
Eanist Party	--	--	10.0	--	10.9	--	7.8	--	5.6	--	18.2	--	13.4	--	7.5			
Others	3.2	12.3	3.6	3.4	2.4	2.6	5.3	2.3	6.9	2.8	4.6	2.3	5.2	2.5	7.3			
Blank/Null	1.9			2.1		1.5		2.1		2.1		2.1		2.2				
Undecided	--	7.0	8.7	--	7.1	--	9.7	--	21.8	--	5.8	--	13.5	--	9.2			

## Lisbon and Porto Support the PSD

The PSD, now 3.2 points below the April 1983 results, declined in February in four of the cities considered important for the abrupt decline in Coimbra (almost seven points) and Vila Real (eight points). The land of Professor Mota Pinto did not like, it was noted, his replacement in the leadership by Rui Machete. Ranging between a minimum figure of 15.9 percent in Coimbra, and a maximum figure of 27 percent in Viseu, the Social-Democrats were dominant there and in Lisbon and Porto. Porto is the only city where their votes tend to go to the PS. The PSD may also see its voters go to the Eanist party and the CDS, and others made decide on abstention.

## PS Swells Ranks of Abstentionists

The largest lot of candidates for abstention appear to be provided by the PS, which also loses voters to the PSD and the Eanist party. The exercise of power has already deprived the Socialists of 14.3 points since 1983 (It is today below the voting of the time in aspects) and February brought it no signs of recovery. The large winner of 2 years ago would only win today in Vila Real and Coimbra. There, as in Lisbon, the Socialists won points in the past month but lost them in the rest of the country. Today the PS is a party situated between the 11.3 percent of Evora and the 27 percent of Viseu.

## Centrist Crescendo

In good fashion the CDS gained 3.6 points since 1983, spread among six cities excepting Coimbra. The best results of this incipient move to glory appeared in Porto and Viseu, where the CDS is in second place, and it holds a fifth place in Evora with the coming of the Eanists. Excepting Lisbon, where the centrist voters feel the appeal of the PSD, the dissatisfied CDS voters only move toward abstentionism or indecision: Loyal people.

Thanks to the advent of the Eanist Party, the APU for the first time also holds a fifth place, but in Viseu, a land decidedly opposed to communism, which only manages to convince 6.5 percent of the voters there; one-tenth of a percentage point more than in 1983, which with the 2.4 points won in Vila Real, marks the advance of the APU since the last elections. In the remaining cities, the result of these 2 years is negative, particularly after the abrupt loss of 2.3 points in the past month. In Evora alone they lost 8 points--Eanism is unforgiving.

## The New Fifth Place

What about the so-called Eanist Party? It ranges from a minimum 5.6 percent in Coimbra to a record 18.2 percent in Evora, where it benefits above all from former APU votes, but also from those of the PS and PSD. With the characteristics of a fifth party (except in Evora and Viseu where it is fourth), the Eanist Party for the time being announces its presence primarily through the almost cancellation of the generic group of "other parties," which have suddenly declined from 12.6 percent to 3.6 percent, practically returning to the position of 1983 (3.2 percent).

POLITICAL

PORTUGAL

BRIEFS

PCP/MDP JOINT LISTS--The PCP [Portuguese Communist Party] and the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission] yesterday announced the presentation of joint slates within the framework of the United Peoples Alliance (APU) for the local government elections and the "early legislative elections to be held in 1985." The two parties agreed to participate "in all the electoral circles" for the legislative elections and for all the municipal chambers and assemblies and "the largest number possible" of parish assemblies in local governments. The APU is going to try to increase the slates presented from 2597 to more than 3,000, expecting to reach the "greatest number of votes of all times." In a joint communique, the two parties justified their alliance as "a legal support for a more vast unity of democrats and patriots interested in assuring the defense of the democratic system and the retaking of the paths of April." The MDP and the PCP expect to "contribute powerfully to the consolidation of Local Government, one of the fundamental bases of the participatory democratic system, and to the resolution of the problems of the population." The APU made an appeal to "the independents or members of other parties interested in resolving the problems of the population" to participate in the preparation of electoral programs and in "the formation of their slates." [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 14 Mar 85 p 28] 8908

JARDIM: LEADERLESS PSD--The president of the Regional Government of Madeira declared yesterday that the PSD [Social Democratic Party] "has not had a real leader who can arouse a substantial consensus" since the death of Francisco Sa Carneiro. Speaking at the Funchal airport after his return from Lisbon, where he participated in an explanatory session promoted by the PSD Lisbon Metropolitan Area, Jardim added: "Several attempts were made (Pinto Balsemao and Mota Pinto) but both failed because both showed themselves to be incapable of insuring that unity of the party." He said that the Social Democrats will have to find a leader and that "they are only going to achieve that when the chairman of the National Political Committee manages to put an end to this problem of factions or sensitivities." The president of the Regional Government of Madeira restated the need for compliance with several demands in order to accept entering the presidential race. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 15 Mar 85 p 3] 8908

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POLITICAL

SPAIN

PDP WARNS OF DIRE CONSEQUENCES SHOULD NATO REFERENDUM BE HELD

Madrid YA in Spanish 17 Feb 85 p X

[Interview with Javier Ruperez, vice president of PDP, by Julio Fernandez in Madrid: "NATO Referendum Will Produce Turmoil, Violence Cannot Be Discarded"; date not specified]

[Text] Madrid--He considers himself "the father of NATO in Spain." Javier Ruperez was the promoter of admission and the first Spanish ambassador to this organization. Now from his position in the opposition as vice president of the PDP [People's Democratic Party], he is proud that the socialists govern with the same arguments they "condemned" him for 4 years ago. He feels that the socialists carry out a contradictory and "late-Franco" foreign policy and act like rogues with the Europeans and Americans so that they help them win the referendum. According to him, it is necessary to help them not hold the referendum and avoid the turmoil and even violence that he thinks this consultation could arouse.

Javier Ruperez is clear in his opinion on the foreign actions of the socialist government regarding two basic topics for domestic policy like NATO and the negotiations with the EEC.

"It is senseless to present foreign policy as something purely technical, a type of vacuum separated from domestic reality. I believe what the socialists have seriously failed at is the integration of two versions of the same policy, the domestic version and the foreign version. They reached power with a certain idea of Spain that had been forged since the congress of Suresnes in 1974. It is defined in two terms: the Third World and neutrality. What is paradoxical about that position is that it is very close to the statements of late Francoism. In his last stages, Franco was turning to the theses that the socialists maintained in substance in the 1982 elections.

"It is obvious that they say in many European foreign ministries that Europe is an exercise in political, economic and defensive solidarity. That is not in the biography of the current socialists. They have an 'omnibus' view of politics that others call totalitarian. They think that they can always form



a great majority, even at the risk of falling into political transformism. In other words, everything counts to them: Moran preaching the Third World; Serra preaching the Western world; Gonzalez saying those dreadful things for the head of a democratic and Western government to say like NATO is in his head but not in his heart; etc. This is the result of thinking that all imaginable affiliations are possible at the same time."

[Question] Do you think that coexistence of contradictory stands exists in the negotiations with the EEC?

[Answer] I think that we have had the worst possible negotiator with the EEC in this last phase, Secretary of State Manuel Marin. First he wanted to convince the French "to be good" which created an imbalance with the other EEC countries who protested. Then he did the same with each one of the member countries and each one tried to get something out of it.

Then he returned to the global negotiations. There were justified criticisms that the negotiations were being subjected to political or electoral statements. That has been true and continues to be true. Everything related to the EEC is going to be used electorally, among other reasons because the other sectors of national policy have little to offer.

[Question] Does that mean that the negotiations are used to sell NATO?

[Answer] They have admitted this relationship which they denied before. They have gone from a position radically opposed to NATO to a much more mechanical attitude. They are acting like rogues, saying to NATO: "If you give me the EEC, I will give you NATO." Therefore, it is important to get into the EEC first. What happens is that the rogue is always caught. The timetable for the referendum runs the risk that someone in the EEC Parliament will say: "Listen, we would like to know beforehand what you are going to do about NATO" because some expect a show of solidarity.

[Question] Then you feel that the NATO-EEC "stroke" is widespread among the Europeans....

[Answer] Evidently, but the socialists have done it crudely. The head of a government who wants to join the EEC does not say that he does not have NATO in his heart when his minister of defense has revealed a few days earlier that NATO defends freedom. That type of statement has to produce reserve and caution.

They want to live in the best possible world. They do not have any greatness of spirit, the greatness to tell the people the harsh realities of a certain time and ask for their help to solve them.

That begging position that the socialists have adopted toward the Europeans and the Americans, acting like good boys ready to mend their youthful ways, obscures the fact that what they are really asking for is that they help them win the referendum. I believe that we should all, beginning with our allies, be aware that the socialists need help, not to organize the referendum but to not convoke it.

I would tell Felipe Gonzalez to talk more with Serra and less with Moran and even get rid of Moran. I think Moran no longer exists as minister of foreign affairs. He does not count at all. All the European foreign ministries deal directly with Moncloa. Unfortunately, he continues to commit the state by his word. The truth is that Moran became minister convinced that he was going to take Spain out of NATO.

[Question] Are you sure of that?

[Answer] I am sure, I am sure. I will tell about it in my memoirs.

[Question] How can the government be helped to not convoke the referendum?

[Answer] By convincing them that it is one of their biggest follies. The referendum has nothing to do with what they announced at the elections--leaving NATO. That means deceiving the public. Also the convocation will produce turmoil in national policy and those Spaniards and foreigners who see the referendum as the last chance to not join NATO are going to use all their weapons, not excluding violence. We have already verified that the latest terrorist attacks throughout Europe are aimed at NATO although this cannot be used demagogically to say that if we do not join, we do not run that risk.

[Question] What can happen if the government convokes the referendum as it looks like it will do?

[Answer] Anything can happen. If there is visible abstention by the opposition and we remain reluctant, it is unpredictable. It is not true that they want consensus. They could have obtained it earlier in education, in negotiations with the EEC or in other laws. They want consensus because that is where they need it most and they want to manipulate the opposition. It is unacceptable to lay the burden of a possible negative vote on the shoulders of the opposition. I have had to personally tolerate insults and injuries from the socialists and now they cannot have us pull their chestnuts out of the fire. The responsibility will lie with the PSOE [Spanish Socialist Workers Party].

[Question] You were the first Spanish ambassador to NATO after the UCD [Democratic Center Union] government signed the Washington treaty under circumstances that many, even within that party, deemed precipitous. Could you explain those circumstances and tell us if that really had something to do with the rash attempt on 23 February?

[Answer] I would like this type of speculation to end. Without any conceit, I feel like the father of NATO in Spain. I feel enormously comforted that my statements now direct Spanish foreign policy. Those statements were the UCD's from the UCD Secretariat of Foreign Relations which I directed. They were finalized in the agreements of the two party congresses in 1978 and 1981.

Let's remember all the vacillations by Suarez and Marcelino Oreja until just before leaving the ministry and what it was like in 1981 with the parliamentary debate and the agreements by an absolute majority to join NATO.

It took 4 years to make a parliamentary decision and the political decision was already compromised. It is obvious that, to the socialists, any time would have been the wrong time. Minister Fernando Moran himself continues to say that we joined in the dark of night and by treachery. These statements are not only wrong but dangerous for the democracy because Parliament passed the agreement by absolute majority.

At the end of January 1981, 48 hours before Suarez tendered his resignation, I am sure that Suarez had already made the decision to have Spain join NATO. He was beginning to start up the institutional mechanisms to present this to Parliament. He told me and I am sure he told some important politicians.

It was obvious that when the deadline came to renegotiate the agreements with the United States, he would have to present it because renewal of treaties, denounced by all of us who had been in the opposition against Franco, had only one reasonable chance: renewal within the multilateral NATO. Therefore, it is very funny to see Moran and Felipe Gonzalez again make bilateral statements with the United States, purely Francoist proposals.

[Question] How does belonging to NATO help achieve Spain's defense objectives?

[Answer] We have to define our potential threats; NATO has analyzed that very well. I would not exaggerate our threat to the South which I call "the Almanzor syndrome," the obsession that all our evils come from the "Moors." First, the situation can be handled to benefit us. It is obvious that a country fully integrated in NATO inspires much greater respect than a country that does not belong or only does halfway.

Without minimizing that threat, it must be considered that the main threat might come from the East. This does not give a diabolical nature to the potential enemy. There is no question that those threats can also materialize from the South, induced by the East. While defending ourselves from threats from the East, we foresee those that can come from the South at the same time. Defense has an ideological base, a certain political and value system, as Narciso Serra has said.

[Question] How do you think that "Almanzor syndrome" can be overcome in Spanish policy toward Magreb?

[Answer] There are two theories: one says that division of the countries in this zone favors us and the other that it does not. Giving up that obsession means reflecting differently than Felipe Gonzalez does when he says: "I am sure it does not affect me." I believe that we should not give privileges to any type of relationship with the different countries. We must act with great moderation and respect for sovereignty, fleeing from emotions that give our relations with Morocco fascination or hatred. I do believe that a change in regime in Morocco would be contrary to our interests. There is a human problem in the Sahara that must be resolved but it is necessary to respect the regional balance. Most important is the stability of Morocco.

[Question] What is your opinion of the latest statements by King Hassan claiming sovereignty over Ceuta and Melilla?

[Answer] We all have our assigned roles and it is hard to change spontaneously. A Spaniard prides himself on defending the Spanish nature of Ceuta and Melilla because they are Spanish and because the Constitution states this. A Moroccan prides himself on defending the opposite. The folly lies in the fact that, with the current delicate situation in relations, Spanish television puts its microphones and cameras in front of Hassan so that he can say what he said. What did they expect him to say?

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POLITICAL

SPAIN

PCE PUBLISHES ECONOMIC PLATFORM

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[Passages enclosed in slantlines printed in italics]

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I. Introduction

The Economic Alternative that the PCE [Spanish Communist Party] presents is not a government program but an open document for social debate.

Starting with a description of the growth model imposed on the country in the 1960's, many of whose structural and institutional characteristics remain in

effect, we have made a critique of the economic policy of the current government. It is /active, not passive/ criticism--that is, constructive criticism where, with each error or flaw pointed out, we propose an alternative.

Therefore, this Economic Alternative is a global plan that stipulates how to overcome the Spanish economic crisis. At the same time, it specifically analyzes each one of the changes and transformations that the public power must carry out if it wants to find a true solution to the situation and not remain just an agent of the crisis.

Below, in a very summarized form, we present the main features that define each part of the document.

## II. Growth Model of the 1960's

This was essentially based on the resources obtained from tourists, the money sent back by Spanish emigration abroad and the entrance of foreign capital into our country. These three factors meant a very fragile type of development since they depended on foreign factors and the national economy's influence on them was very limited. The culture medium that attracted foreign capital investment was the cheap manpower strictly controlled by the dictatorship.

Those conditions led to a map filled with regional imbalances between industrial and agricultural zones and an industrial oligopoly tied to large financial capital, all of which hurt small and medium industry.

## III. Differential Elements of the Spanish Crisis

These stood out when, in 1973, there was a recession in the world economy of which our country was almost a subsidiary in earning revenue as we have pointed out. At that time, several objective elements that strangled our development possibilities became blatantly obvious: the great foreign technological and energy dependence of our industry; the limitation of the public sector, subsidizer and protector of the private sector but incapable of any revitalization; the absence in the private sector of Spanish businessmen with initiative, given their custom of obtaining profits through the increased value taken directly from labor and receiving every type of aid, tax exemption or public subsidy without making any effort to update their technology, research or professional promotion; a very low ratio between capital and the product, precisely the result of the intensive exploitation of cheap labor as a traditional means of lowering the cost of the labor factor; chaos in agricultural and livestock production, etc. These characteristics shaped the current economic situation of Spain which, at this time, is going through an acute stage of crisis. The party in power is trying to solve it in what we feel is the wrong way. This obliges us to formulate the following.

## IV. Criticism of the Economic Policy of the Socialist Government

Its action does not solve nor can solve the main problem of Spanish society, /unemployment/, even though its solution was the key promise made in the PSOE [Spanish Socialist Workers Party] electoral program. This solution has now



practically disappeared in the subsequent economic documents drawn up by the government. This is especially true of the most recent one, the 1984-87 Medium-Term Economic Program. There are more than 2.7 million unemployed in our country and 400,000 jobs have been lost since the last general elections. Beyond nitpicking about figures which the official levels seem to want to do, the government tries to ease this situation based on two prior conditions: the growth of exports and the increase of business profits which, when reinvested, will generate new jobs.

Both premises appear to be false. The first is false because even if the so-called "U.S. economic locomotive" is revitalized (and there are very dark forecasts by the IMF and other specialists beginning in 1986), its pull would have to reach Europe which is the export market Spain can best count on for major foreign demand. Europe, despite the hypothetical revitalization, could well adopt protectionist measures--like the EEC, for example--that would frustrate such expectations. It is also necessary to question the idea that the mere fact of increasing exports generates employment. It is not a direct economic relationship as many experiences in other nations demonstrate.

The second is false because there is no guarantee that the business surplus will be invested to create jobs, especially when we do not have the legal means to force the management class to do this.

However, the government policy focuses on economic, tax, labor and credit advantages for big private business to facilitate the appearance of this /miraculous/ business surplus which has very serious **counterparts**. Let us mention some of the main ones: neglect of the public sector as a generator of employment and, therefore, as a motor and guide for the national economy; reduction of wages, the only way the government wants to fight inflation, reducing consumption to permit increased capitalist accumulation which will allegedly lead to revitalization; return to the private sector of businesses put straight (Rumasa) or of sectors of Social Security; restrictive monetary and credit policy toward the small businesses; amnesia about the fight against tax fraud, flexibility of the labor market; etc.

Far from correcting these trends that began to demonstrate their ineffectiveness some time ago, the AES [expansion unknown] reinforces them and places all the burden of the "national" sacrifice to overcome the crisis only on the shoulders of the workers with measures that will not even achieve their objectives. It cannot even win the battle against inflation by the single path of wage cuts.

The structural and institutional changes needed to change the direction of our development are not included in the government economic policy. These should be discussed in the Social and Economic Council which has still not been created. Its absence leaves a big gap in the possibilities of consensus and planning to confront the crisis.

Because of these facts, the PCE formulates the following.

## V. Proposal for Economic Policy of Recovery and Transformation

This implies, first of all, the existence of a /social convergence toward progress/ capable of carrying it forward in the long run in a spirit of social solidarity and based on a political desire to democratize the economy and achieve recovery based on three pillars: the public sector, the PYME's [Small and Medium Businesses] and the cooperative movement.

1. The necessary structural changes to achieve this objective would be:

### 1.1 Reform of the credit system

An active public sector like the one we advocate would not just have investment functions but savings. It is necessary to establish a /public banking system/ that would meet three main objectives: a) end the oligopoly of our financial system, subjected today to the dictates of the seven large bank firms and their control of industrial capital through their directly interested credit policy based on their known or hidden ties to the industrial sector; b) the reduction of interest rates through bank competition which would serve to combat the rising trends of inflation; and c) the practice of a nondiscriminatory credit policy for small and medium businesses that are precisely the largest generators of employment.

Public banking would be competitive with private banking in all the markets and typical activities of the sector. Consequently, it would earn its own profits and would guarantee its own survival without subsidies or state aid. It would be forced to use its profits for social investments, investments aimed at guiding socioeconomic planning, encouraging private investment, adjusting regional imbalances and encouraging exports, rural mechanization, technological research, etc. Special attention would also be given to aid to buy primary housing and to encourage and train a new business class.

Establishing public banks requires a very broad infrastructure since, by necessity, it has to be competitive from the very moment of birth. It is not enough to use the installations the state has in this sector and adapt them to this new function. At present, these are limited to the buildings and installations of the Foreign Bank of Spain and the Official Credit Bank. More resources and size are needed. Having lost the unbeatable opportunity that Rumasa offered, it would now be necessary to proceed to the nationalization of bank groups belonging precisely to the respective "holdings" of "the seven big ones." These are the ones that hold economic power in our country and, therefore, control what should be a vital public service for Spanish development. That nationalization is perfectly constitutional (Article 33).

Let us point out, finally, that the public banks would be governed by the principle of double decentralization: sectorial decentralization with entities that specialize in every type of financial operation; and regional decentralization based on the existence of a true country of autonomies.

As to the savings banks, we will point out that these have to play a primary role in the credit system. The structure and general objectives that they

have indicated are valid but not met. It is necessary to have the banks channel popular savings toward goals that meet the popular needs, not convert them into an appendix of monopolistic capital. In other words, their investment policy must have a social nature since their existence is not based on the objective of dividing dividends among shareholders or owners.

In order to achieve this, it is necessary to democratize their operation and give the savings banks a governing system formed by: representatives of the autonomous parliaments, municipal representatives elected proportionally, representatives of social organizations and representatives of the bank workers. It is also necessary to end the territorial leakage of savings, keeping resources from one region from being deflected to another, something that happens today following the example of private banks. They seek investments with higher yield or simply speculative investments while the needs of the area that generated the savings are ignored.

## 1.2 Structural transformations in agriculture

Spanish agriculture remains bogged down in its problems and age-old backwardness: large and small estates; neglect and desertization of large areas; major territorial imbalances; and, especially, a high percentage of unemployment. However, the energy crisis and economic crisis weigh on it because the conditions for modern agriculture are there after the traditional structures have been surpassed.

In this way, the Spanish countryside confronts a number of problems that could only be resolved through decisive intervention by the government. These problems begin in the lack of coordination between raising cattle and producing forage, growing penetration of the multinationals whose interests ignore regional needs; concentration of some industries--like the dairy industry--in restricted areas due to speculation with the subsequent neglect of other zones; confused restructuring plans because of our admission to the EEC; ineffectiveness of the Rural Employment Plan; and a long list of maladjustments and gaps that require action in the /structure policy/.

This structure policy has for its pillars, among other things, the real functioning of autonomous power and agreement and negotiations with the farmers and rural workers. None of these guidelines is being followed by the government. On the contrary, it remains passive toward the growth of monopolistic influence.

Some time ago, the PCE presented its bill for RAI [Integral Agrarian Reform] to conquer the problems mentioned above through planning, participation and decentralization in the countryside. This involves changes in the ownership of the land, industrialization process and direct marketing of the agricultural products and strengthening of the process of accumulation through the profits earned and with the backing of a progressive tax policy, very different from the one in effect today.

The objectives pursued with these structural transformations include making agricultural income more comparable to that of other economic sectors and

social organization of the crops through an Agricultural-Food Plan. Also special importance is given to administrative aid to family and cooperative farms.

### 1.3 Bases for industrial development policy

The industrial restructuring plans of the UCD [Democratic Center Union] government have not really been modified by the current government. That restructuring in search of an adjustment process in the market "capable of freeing resources" for reinvestment continues to be a factor in reducing production and employment and destroying fixed capital. The chaos that characterized Abril Martorell's policy in this field was to be overcome by the White Paper drawn up by the socialist government but, in reality, the only thing in it is a policy of restructuring, adjustment, in which the means for the development of new activities are not implemented and everything is based on a type of spontaneous generation through the market forces. The administration's participation in the reconversion-reindustrialization processes promoted directly by its action has not even been defined. There is no policy for relocation of manpower since the planned Employment Promotion Funds are based on individual bonuses for relocation, not the indispensable reindustrialization to complete the reconversion process.

The PCE believes that industrial reconversion is necessary but indicates that, for this, it is necessary to have a substantial increase in the investment activity of the state within a framework where economic recovery is based on increased internal demand and private consumption. This investment by the public sector that can and should go into debt as the private sector does to finance its initiatives is more necessary since it is obvious that the multinationals, financial capital and the national bourgeoisie do not seem interested today in repairing the industrial and social weave of the country.

In this chapter, then, as in the rest of this Economic Alternative, it is a matter of erecting a /mixed economy/ system, overcoming the inhibitions that now characterize the public sector.

We will also point out the urgency for our industrial development of access to the financial resources of the European Social Fund, the Regional Development Fund and the ECSC through our admission to the EEC. Finally, it is necessary to work on the technological development of the PYME's, the promotion of co-operative development, regional plans carried out by the autonomous government and the creation of the Planning Council stipulated in the Constitution.

### 1.4 Reform of public enterprise

This is entirely the government's responsibility. Spanish public enterprise plays a role--that is denied--that limits it to being a subsidiary of private enterprise. It is "a business hospital." There are also two other endemic problems: its obsolete organization and the lack of strong human capital at its management levels.

However, none of this converts the postelectoral stand of the government into truth. It seems to say that the best public enterprise is the one that

disappears or is transferred to the private sector. It is not true that the weight or size of Spanish public enterprise is excessive if we compare it to other countries.

Therefore, it is a matter of having a public sector capable of coexisting with a dynamic private sector. It must transfer its center of gravity, today in sectors in crisis, to sectors and activities with a future, even taking on activities that entail serious technological risks that are hard for private initiative to assume (robotics, biotechnology, etc.).

This new type of public enterprise means a 180-degree change in direction. It is necessary to reorganize sectors in order to decentralize management and establish coordinated activity groups. It is necessary to maintain financial coordination between these groups and, of course, eliminate bureaucracies and administrative inactivity.

It is also necessary to guarantee the participation of the workers and give political direction to the top level of planning of public enterprise while eliminating this political element in the administrative levels.

### 1.5 Social Security reform

Our Social Security which covers 13 million workers and almost 100 percent of the population with one type of benefit or another is subjected today to attempts to make its economically profitable areas private. There is also the desire to reduce payments by management and reduce benefits. Facing these /attacks/, we will say that the immediate option is to defend the current system and improve it through a series of reforms that must be done by broad social agreement. These concern its three areas: economic benefits, health benefits and welfare services.

The first will cover all the working population and will be based on the principles of wage proportionality--or share--automatic participation and adequacy. The second will cover all the people as will the third. They will be financed by taxes.

Setting aside a long series of precise proposals in our alternative to reform management, financing and benefits, we will emphasize the need that Social Security cover all workers--in other words, that it be obligatory. We will also point out the principle of autonomy of the system with respect to other public administration. Management and union organizations must participate in its management and the state increase its contribution to cover its expenses.

### 1.6 Plan for scientific and technological development and distribution

The development of science and technology is not ideologically neutral. To understand this, it suffices to know that its greatest impulse comes in recent times through arms development. Therefore, our party is definitely in favor of /science and technology for peace/.

To achieve this, it will be necessary to overcome the existing problems of this sector in our country. They have their roots in: the enormous shortage



of resources, the dispersion and waste of resources, the imbalance between acquisition of material and personnel, patronage in subsidies to enterprises, the submission to interests of the multinationals in their own lines of research and, finally, the lack of political determination to make the public sector the leader in this field.

To overcome these obstacles, we must establish a plan of action for training scientific personnel and give the university the role it should play--even in collaboration with business--to liberate our country from poverty and its ties to and almost exclusive dependence on the United States at a time when technology has relegated the possession of raw materials to second place when characterizing the wealth of countries.

2. Active role for budget policy. This is the second part of our proposal for transformation and recovery, always within a mixed economy model. We begin by contemplating:

2.1 The need for an expansive budget policy and the question of the public deficit

We advocate the need for an active budget policy facing the current domination of the monetaristic policy in Spain. The budget policy is the only one capable of exercising corrective and transformational influences on our economy. The concepts of deficit and surplus in the public treasury are not only quantitative but qualitative coordinates. In other words, what matters is not the absolute level of the public deficit but how the deficit is financed. On the other side of the coin, the surplus constitutes the basic element to introduce variables in our current situation of "stagflation." ("Stagflation" means simultaneous inflationary tendencies and economic stagnation.)

Therefore, the attacks on the public deficit frequently masked attacks on a possible budget policy--that implies public and parliamentary control as opposed to the predomination of financial control, private banking and a monetaristic policy--which would have decisive effects on income distribution and, after all, on the type of general economic development.

In opposition to such attacks and the indiscriminate systems of quantitative reduction of the public deficit, we propose an expansive budget policy and continuation of the current deficit level. The qualitative management of the above will be allocated to increase consumption and domestic demand, fulfilling the condition that the percentage of public deficit not go higher than the GDP which, among other things, prevents the growth of inflation.

2.2 New concept of the public sector: public expenditure policy

The main demands on the national economy are: need for large investments selected qualitatively, increase of money for unemployment, realization of the reconversion and reindustrialization plans and reduction of inflation. It goes without saying that these objectives are not being met nor will be by private initiative. It is, therefore, necessary to use a new concept of public intervention in the economy that gets us closer to a mixed economy model.



Quantitatively, this means an increase in real investments by the state as well as an increase in current transfers and capital transfers with the subsequent growth of public expenditures. Qualitatively, this means a change in the make-up of this public expenditure. As we have already indicated, this must not change the current ratio of deficit to the GDP although it should increase the relative weight of the public sector in relation to the GDP.

In short, the action that should be carried out is based on: a very active budget policy facing the predomination of the monetaristic policy we suffer today; reform of public enterprise; and democratic planning of the objectives and means to follow and of the public sector.

### 2.3 The public revenue policy: plan for urgent measures to reform the current tax system

Naturally, in order to increase expenditures without increasing the deficit, it is necessary to have more public revenue. It is a matter, then, of increasing tax pressure through a plan to reform the current system based on the following principles: a) sufficiency--that is, guarantee of obtaining sufficient resources; b) progressiveness--that is, greater pressure on those who have greater capacity, not equal pressure on all members of society; and c) flexibility which facilitates an automatic adjustment of the tax pressure based on the evolution of income.

It also includes fighting and eliminating tax fraud which entails organization and coordination among the different public entities, central government, autonomous communities, municipalities, etc.

We do not advocate a completely new tax reform since there are technical and political reasons that do not advise this. The frustrated reform in 1977 had great social consensus and had some success. Its recovery and expansion can be useful today.

Last, we propose major reforms to the system of singular objective stimulation, the IRPF [expansion unknown], definition of tax crime, financing local treasuries and other points. We also advocate the immediate implementation of the IVA.

### 3. Strengthening of the social sector of the economy

This sector, formed by the different means of collective organization for survival within the private sector, has great importance in times of crisis. That importance is due to the fact that it directly attacks the problem of unemployment, regenerates the industrial weave and helps broad segments of the so-called "submerged economy" emerge. One of its basic forms, cooperatives, has the mandate of the Constitution itself for public powers to promote it.

Despite being legally a part of the private sector, our proposal is that it should be covered by the democratic planning of the economy based on specific conditions of functional as well as territorial decentralization.

#### 4. Policy of support for PYME's

In spite of the fact that, according to official statistics, more than 90 percent of the Spanish establishments belong to this sector and more than 60 percent of the jobs are generated by it, not one of the PSOE's electoral promises to improve the sector has been carried out. This is basically because of the policy of agreements to which the government has been led by the pressures of big business, both multinational and local.

To revitalize our economy, it is necessary to change this direction without denying the PYME's and the autonomous workers the rights and needs that correspond to them in their true role. Some of the measures proposed to achieve this are: creation and development of management associations at this level which would be recognized as valid participants at negotiating tables and at other levels; formation of an administrative organ with jurisdiction, including the creation of an institute which would make up for the ineffectiveness of the Institute for Small and Medium Business that exists today; form a planning policy by sector to adjust supply and demand; promote informational, training and modernizing channels, etc., with technical and financial aid; do the legislative work to fill the existing gaps in trade, transportation law or the management organization itself; and modification of the Social Security payment system.

#### 5. Income policy within the context of an employment policy

The crisis with its reduction of the national economic surplus (difference between the value of total production and its production cost) is generating some changes that not only affect production--since the lack of a surplus implies the inability for growth--but distribution. Its immediate consequences are massive unemployment and increased imbalance in the income of the different social sectors.

The socialist economic program tries to increase the surplus by two ways. One is to reduce wages and subsidize private costs through the state budget by means of tax exemptions compensated by a drop in public investments. This leads only to a recovery of the private business surplus, not the national economic surplus. As we have observed above, this means that this surplus will not be allocated only or even mainly to the creation of employment.

However, it would be possible to increase the national economic surplus by other means--like the structural transformations already cited--and allocate this to productive investments that simultaneously mean a fairer income distribution. To do this, it is necessary to carry out /a policy of national and class solidarity/ that affects workers, businessmen and the state itself. It is a shared sacrifice that also affects the income of the financiers, independent professionals and self-employed workers.

The key to this new income policy would lie in negotiation by the different social participants and would mean a shorter work week (35 hours) to facilitate greater job distribution. The basic instrument for this policy could be a base of solidarity to create employment for the gross formation of fixed capital starting with the indicated contributions.

## 7. Democratic planning in the country of autonomies

The Spanish economy urgently needs rational and conscious leadership--in other words, planning. But what type of planning? Our response is: democratic planning done by society based on the unfulfilled constitutional mandate to create the Planning Council.

Until now, the government has limited itself to carrying out isolated economic plans under sectorial and even corporate pressures. To add insult, the start-up of an "advisory committee to the president of the government" has been announced. It cannot include the participation and control of social and professional representatives and autonomous communities that true planning requires.

In our situation, the PCE advocates planning systems that go beyond the annual budget forecasts--since a year is an inadequate period to handle the large structural problems of the economy. The centralist behavior of the government must be changed so that it acts like a true country of autonomies. To achieve this, it would be necessary to create not only the National Planning Council but planning councils in the autonomous communities in which the autonomous government itself and representatives of the unions, business organizations, professional organizations and regional public entities would participate. This will entail a number of organic laws or amendments of statutes as well as a substantial modification in the quantity and make-up of the Interterritorial Compensation Fund.

Economic planning has to be tied to the public sector, using the state budgets as a basic instrument. It must be a guide for the private sector using various formulas among which the credit policy of public banks would play an important role.

## VI. Balanced Economic Growth for Creation of Employment

Every recovery program requires an increase in the GDP--that is, the domestic supply. However, there will not be stable increases in production if there is not both foreign and domestic demand to absorb them. As we have already seen, the economic strategy of the government is aimed toward a strong contraction of the /demand for consumption/ through wage cuts.

Its policy, aimed at obtaining gross business surpluses, does not create employment because the ratio between gross business surplus and private investment is very small. The ratio between private investment and creation of employment is nonexistent when the businessmen themselves have recognized that more of their investments go to systems that reduce manpower needs.

However, we state that there is a strong correlation between demand for consumption and creation of employment. Consequently, we defend strengthening this demand which means maintaining the purchasing power of the workers. The balanced growth of our economy requires that the demand for private consumption not be considered separately but along with demand for public consumption and subsequent demands for private and public investment.

We have already indicated our general stand on these four concepts, the actions the public sector must follow and the methods to really give incentive to private investment, not fictitiously as the government is doing.

As to the second pillar on which the government bases its hopes for recovery, our export capacity, it must be pointed out that the PSOE itself has acknowledged in its economic documents that this is a variable that is beyond the control of national decision. We also repeat that the correlation between an increase in foreign demand and creation of employment is very weak.

Therefore, the entire government strategy means a distortion of the real investment-consumption process. It puts the cart before the horse by making an erroneous statement on the interrelationship between these two. For the process to result in balanced growth, an intensification of private consumption, stagnation or a slight reduction in public consumption, a strong increase in public investment and a reasonable increase in private investment and foreign demand would be necessary. The structural measures to facilitate these events are not at all the ones that the socialist government is adopting.

As to the internal balance, the government is satisfied with pointing out that inflation is caused by the increase in the price of energy raw materials (oil) and in the increase of wages, thus ignoring the specific inflationary elements of the Spanish economy and the true components of the price structure that go beyond wages. These include financial costs and, therefore, interest rates. There must be an analysis of our productive structure that generates a greater dependence between price and wages than in other industrialized countries. There must also be a bill for structural transformations as part of the government strategy. Without this, it is impossible to end the current model that generates imbalance.

Finally, our evaluation of the foreign balance grants considerably less importance than the government has to the recovery ability of our economy that this chapter can have, especially in the short and medium term.

Note: Point 6 of Chapter V is still being written.

7717  
CSO: 3548/104

POLITICAL

SPAIN

BANKERS RELUCTANT TO CONTINUE FINANCING FRAGA

Madrid TIEMPO in Spanish 11 Feb 85 pp 46-50

[Article by Jesus Rivases]

[Text] Monday, 10 December 1984. Some of the major Spanish bankers listen to, remain silent and at least for the present wash their hands of the plans from one sector of the right.

Jose Maria Cuevas Salvador, head of the Spanish Confederation of Business Organizations [CEOE], and Manuel Fraga, head of Popular Alliance [AP], the hope of the right wing, were breakfasting with four of the seven leading Spanish bankers. The meeting called by Cuevas with the seven took place at the headquarters of the Central Bank, not very far from the Congress of Deputies. In attendance were Alfonso Escamez, president of the Central Bank and host; Pablo Garnica, president of the Spanish Bank of Credit; Jose Angel Sanchez Asiain, president of the Bank of Bilbao; and Luis Valls Taberner, president of the Spanish Popular Bank. Emilio Botin, president of the Bank of Santander, was not in Madrid and could not attend. Nor did Alejandro Albert, still serving then as president of the Hispano-American Bank, who, 3 days earlier, had to announce that his bank would be unable to distribute dividends this year. It was the first time that this had happened in the large Spanish banks, and Albert had too many problems to attend a meeting on that Monday, 10 December, when the Hispano-American Bank's shares of stock dropped from a value of 170 points to 157 in a single session.

The meeting was brief. Jose Maria Cuevas explained to the bankers and to Fraga the need for the Spanish right to make an extensive, joint offer for 1986 that would include all the Socialist forces. Manuel Fraga was silent and acquiesced. No one was asking for anything, but the bankers were aware that they would have to finance this political operation; and they remained silent. It was not the first time that meetings of this type were held, nor will it be the last. Nevertheless, something had, indeed, changed. Previously, a year ago, it seemed customary for certain politicians in particular to occasionally visit the rooms of the most exclusive club in the country, the "Club of Seven," where the seven leading private bankers, serious, respectable, aloof and wearing dark clothing as dictated by a tradition not written anywhere, listened to plans and ideas, as well as requests from all the important travelers who



approached them; some to make requests, others to explain something, and all ultimately paying flattering tribute to those who have been called the "de facto powers." Carlos Ferrer Salat, when he governed the CEOE's destinies, Manuel Fraga and even the Felipe Gonzalez of other times, when he was not residing at Moncloa, traversed these rooms.

But on that 10 December, no such traveling had occurred for over a year. The bankers had become bored and were no longer so willing to receive so many people. The contacts now were more individualized. Perhaps they didn't want their colleagues to find out what each one was doing. They met separately and later, together, attempted to adopt a common position; something that was not always possible, particularly in political matters. The last time that they did so was on the occasion of the elections for the autonomous parliament of Catalonia. Once again the winner was the Honorable Jordi Pujol who, afterwards, from the hands of Miguel Roca, started the reformist operation which, for the present, has culminated in the creation of the Democratic Reformist Party [PRD], headed by Antonio Garrigues Walker. Popular Alliance had another defeat in Catalonia, but Fraga's party procured the money that was collectively provided by the seven major banks and a smaller one with interests in Catalonia. On that occasion, the seven bankers agreed to assume the losses, if there were any, and there were; because on 29 April 1984, Popular Alliance won only 11 seats, with 7.8 percent of the vote. It was also the first time that the bankers decided to charge for the losses collectively. In other elections, some of the members of the "seven" had proposed giving money without its being shown anywhere (the normal procedure is to record the loans with the Central Electoral Board); but there was no agreement, although some, individually, did provide funds, realizing that they would most likely lose them. The Central Bank, BANESTO [Spanish Credit Bank] and the Bank of Santander seemed the most inclined toward this procedure.

But after Catalonia it was necessary to start planning the 1986 elections, because the Galician situation appeared to be more clear. However, the banks did not want to hear anything about the matter for the time being, intent on an effort to argue with the monetary authorities (Bank of Spain, and Mariano Rubio) and with the economic authorities (the Ministry of Economy and Finance, and Miguel Boyer) who, as they claim, had put them "on the ropes."

At an undetermined date between November and December, Jose Maria Cuevas sent three typewritten pages, without a signature or letter-head, to which he added a card saying more or less, "I await your opinion on this matter," to a group of right-wing politicians, including Manuel Fraga. The text of what was not a letter, strictly speaking, mentioned the need for the Spanish right to submit a joint offer in the 1986 elections, so as thereby to have some chance against PSOE, a chance to avoid what, at present, according to the polls, controlled by business management, will be another victory for the Socialists, by an absolute majority.

This is also, in brief, the message which Cuevas gave to the bankers on 10 December, a message that he had already discussed with some of them in private talks. And the bankers were silent. In the first place, they thought that



it was still a long time before they would have to give any money, which is what actually concerns them. Moreover, some of them think that, in fact, Manuel Fraga's electoral offer, although it obviously pleases them more than that of PSOE, will ultimately not protect their interests directly. In a word, they don't trust one another. Past behavior has made them suspicious. On another previous occasion, members of Popular Alliance have gone to the banks requesting money. When harsh terms were set for them, which the banks consider normal, "because a party is nothing but another client," and when they went so far as to refuse them something, the response was threatening, with comments such as "we'll put you on the black list," and other similar ones.

The bankers who control the money have also, timidly, gone so far as to bring up the possibility of a revision in the leadership of the right. They say this quietly, but virtually all of them are convinced that Manuel Fraga will not be able to reach Moncloa. Cuevas' message hinted that possibility and Manuel Fraga Iribarne was silent as well. He knew that his sworn followers would continue to give him the money that he will need for the 1986 elections. Nevertheless, he admitted the need for the entire right to be united, at whatever price.

#### The Voice of the Polls

But why has Jose Maria Cuevas taken this initiative? In the first place, the head of the CEOE knows about the polls and realizes how difficult it will be to have Fraga who, besides, has stopped being received in the bankers' offices with the frequency and familiarity of other occasions. Furthermore, in the CEOE they don't clearly observe the option headed by Miguel Roca. The future is black for the non-Socialist forces, who are going about scattered and with grudges. Someone has to take a step, and Cuevas has assumed that role, as well as the risk that it entails. He has requested a hearing from the "big seven," and has led Manuel Fraga by the hand. And he has voiced his message: There is no recourse other than to agglutinate all the non-Socialist political forces in Spain and to offer a single, strong alternative to PSOE. Fraga will consent; but, although the words may be left there, the intentions go further, and everyone realizes this. There is the possibility, less remote than many think, that it may become necessary to begin the "reconversion" operation; because, at best, it would be more feasible if Manuel Fraga were not in the 1986 electoral "photo," but the question is: who? In fact, there have already been studies of what might be the profile of the ideal candidate for the next legislative elections. Fraga's opportunity lies in the fact that, if there is no time to find or create the ideal man, he will continue to lead the right. The forthcoming elections would then be only a transition, until they find a valid reconversion.

Two days later, on Wednesday, 12 December, the feast of Our Lady of Guadalupe, the big bankers met again. This time, they were all present, including Alejandro Albert, president of the Hispano-American Bank; Angel Galindez,

president of the Bank of Vizcaya; and Emilio Botin, president of the Bank of Santander. They had lunch, served by the Jockey Club, in the dining room of the Central Bank. Alfonso Escamez chaired the meeting, the last one for an Alejandro Albert, who was ill, burdened with problems, who never wanted to lag behind when it was necessary to give money to the right wing parties. They did not discuss politics; they were more concerned over the banking issues, the intervention of the Bank of Spain and the Hispano's crisis. They considered how to prevent what had happened in someone else's house from being repeated in their own. "We are on the ropes."

On that occasion, Jose Maria Cuevas' remarks and Manuel Fraga's agreement did not bother them much. The Bank of Spain's storm over regulations was causing them to lose far more sleep and besides, "since the money for the parties need not be given now...." For the present, in a solidary manner, they have put off the right. Nevertheless, that collective solidarity, as has occurred on other occasions, will be broken individually when the time comes. At least three banks, the Central, BANESTO and the Bank of Santander, favor financing the Popular Alliance whether or not it submits a joint electoral offer. Manuel Fraga will accept anything that he cannot help but accept, but he knows that there are always loyal bankers. In principle, they would all help him, but not all of them are willing to lose money for the sake of losing it, without anything in exchange.

2909

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POLITICAL

SPAIN

# POLL SHOWS FORTUNES OF PSOE TIED TO STATE OF ECONOMY

Madrid ACTUALIDAD ECONOMICA in Spanish 7 Feb 85 pp 16-20

[Excerpt] The Prime Minister At His Lowest Level

That Prime Minister Gonzalez' popularity has been declining gradually is a fact that "Barometro" has learned in one survey after another. That trend was broken only last summer and, slightly, during November and December, as a result of the debate "on the state of the nation." During January also, the gauge of Felipe Gonzalez' popularity showed the lowest indexes of the legislative period: 36.8 percent of the public rated him "good" (3 points lower than in the previous month), 37.5 percent had a "fair" opinion and 22.3 percent had a "poor" opinion (with both rising 2 points over their preceding figures). The difference between the first and the last stands at only 14.5 positive points, which also sets a new record for what we have termed a "neutral vote."

Nevertheless, the present Socialist government (always about 10 points lower than its prime minister) is stabilized at a popularity which reached its lowest point last October, with only 25.7 percent with a "good" opinion, a figure that reached 28.3 percent in January. Its neutral vote (the difference between "good" and "bad" opinions) continues to move at figures very close to equilibrium, standing at a 1.1 positive percent this month.

From another standpoint, the intention of voting for the Socialist Party shows slight signs of recovery in recent months, during which it moved, in portions, from its lowest point of 37.1 percent last September to the current 42.1 percent.

The prime minister's popularity, that of his government and the intention to vote Socialist show signs of having checked their decline, achieving a certain line of stability far exceeding that of their political adversaries.

The Alternatives: AP, Stagnant

With respect to intentions of voting, Popular Alliance [AP] has repeatedly moved between 25 and 28 percent. Its evolution reflects a horizontal, with very slight outgoings and incomings. Moreover, the image of its leader, Manuel Fraga, has a neutral popularity vote, 38 points lower than that of Prime Minister Gonzalez. In the general popularity index, in addition to the latter, he is preceded by Adolfo Suarez and Alfonso Guerra and is separated by increasingly less space from Miguel Roca.

All this has necessitated inferring from "Barometro" that Popular Alliance is a stronghold which, nevertheless, does not appear to be gaining supporters that might jeopardize PSOE's [Spanish Socialist Workers Party] victory in a forthcoming call for elections. In other words, at present AP does not seem to constitute an alternative to PSOE. But it is nonetheless true that any option wanting to compete with the Socialist Party must, at least in statistical terms, have that quarter of the electorate sympathizing with the conservative party. To put it differently, AP has not managed to construct a real alternative to PSOE, but no one on the right has yet been able to construct an alternative to AP.

The voting intentions express this. CDS [Social Democratic Center Party] holds about a meritorious 5 percent of the votes, and has reiterated its radical refusal to reach an understanding with the Alliance party. The greatest attention (at least in initiated circles and in certain news media) has been given to the expectations regarding Miguel Roca and his reformist party. Although its leader's popularity is acceptable, the stated intention to vote for PRD [Democratic Reformist Party] continues to be under the minimum. When the 2.8 percent of the national vote representing the CiU [United Convergence] electorate in Catalonia is broken down, PRD receives an intention of voting that is still under 1 percent. And regardless of how great the popularity of its leader may be (and Roca's is still far removed from that of Suarez), it is not correct to infer from this a correlative electoral following, as abundant experience has already shown. With this situation, the extensive, claimed electorate of the center has still failed to express its confidence in the centrist operations, at least in the terms that have been constructed to date.

Finally, despite its crises, or perhaps on account of them, PCE [Spanish Communist Party] continues to be slightly over 6 percent, with an inflexibility toward rising that will be broken only with an image of unity that it lacks at present. A prominent feature is the relative decline in popularity of Gerardo Iglesias, which has enabled Santiago Carrillo, for the first time, to move ahead in "Barometro's" 14 surveys.

#### Economic Crisis and NATO

While the electorate appears to be suspenseful toward the political operations that are under way, it is no less so toward the economic situation and international events. This holds true of the economic indicators reflecting a persistent crisis psychology, wherein the solution is yet to be seen. Only in connection with the evaluation of exports and productive capacity do the optimists outnumber the pessimists. The greatest pessimism is still concentrated on unemployment, wherein the pessimists double their opposites.

In the light of the monthly data and the negative assessment made of the last economic year (see "Barometro's" 13th survey), the uncertainty is founded upon three basic grounds: the conviction that the 2.7 million jobless will continue to increase, that we shall continue to coexist with an inflation rate higher than the average in our European environment and that, consequently, the

purchasing power of families will decline. To an increasing extent, the few optimists are concentrated among the PSOE electorate, while the predictions of an economic recovery among the non-Socialist voters are categorically negative.

With respect to the NATO situation, there has been a great deal of talk about the possible change in the status of opinion; and more so since the government's position has been made official, and statements in favor of it have been made even by high-ranking military authorities. The fact is that, as "Barometro" unequivocally shows, the vast majority of the public is still inclined in a different direction: 44.8 percent were still calling for total withdrawal in January; among their opponents, only 12.8 percent requested total entry, and not even 20 percent of Spaniards are currently willing to back the government's official position of maintaining the present status. Even among the Socialist voters, those favoring withdrawal have doubled their opposition, and that difference increased from December to January (in other words, after the PSOE Congress); something that has proven highly significant.

Chart 1:





Key to Chart 1:

1. The Prime Minister, Downhill
2. What is your opinion of the present prime minister of the government, Felipe Gonzalez?
3. Total
4. April
5. August
6. December
7. January
8. Good
9. Fair
10. Bad
11. Neutral vote
12. By parties

Chart 2:

(1) **GOBIERNO ESTANCADO**

¿Qué opinión tiene usted del actual

(2) Gobierno de la nación?

**GLOBAL** (3)

	Feb. 84	Abr. (4) 84	Jun. 84	Ago. (5) 84	Oct. 84	Dic. (6) 84	Ene. (7) 85
Buena (8)	37,0	35,5	30,7	32,7	26,7	27,8	28,3
Regular (9)	37,5	38,0	35,9	39,7	43,1	40,9	40,7
Malá (10)	22,7	24,4	30,0	24,5	27,4	28,5	27,2
Voto neutro (11)	14,3	11,1	0,7	8,2	-1,7	1,3	1,1

**POR** (12)

**PARTIDOS**

GLOBAL (3)



	(4)		(5)		(6)		(7)		(4)		(5)		(6)		(7)	
	Feb. 84	Abr. 84	Jun. 84	Ago. 84	Oct. 84	Dic. 84	Ene. 85	Feb. 84	Abr. 84	Jun. 84	Ago. 84	Oct. 84	Dic. 84	Ene. 85	Feb. 84	Abr. 84
Buena (8)	60,2	62,3	64,5	55,5	42,2	45,8	52,8	16,2	12,5	4,6	7,8	13,5	8,1	6,8	25,0	14,8
Regular (9)	31,5	28,1	33,9	34,9	44,0	38,9	36,6	36,0	33,3	37,9	41,2	45,8	35,4	39,4	50,0	52,1
Malá (10)	7,0	6,0	8,1	8,1	9,9	12,9	8,8	45,0	51,7	53,8	48,0	50,2	49,3	53,1	19,8	31,3
Voto neutro (11)	53,2	56,3	48,4	47,4	32,3	32,7	43,0	-28,8	-39,2	49,2	-40,2	-36,7	-41,2	-46,3	5,5	-18,7



Key to Chart 2:

1. Stagnant Government
2. What is your opinion of the present government of the nation?
3. Total
4. April
5. August
6. December
7. January
8. Good
9. Fair
10. Bad
11. Neutral vote
12. By parties

Chart 3:

(1)

### REFORMISTAS EN DECIMALES

#### (2) Intención de voto, con proyección de indecisos




	Jun. 84	Jul. 84	(3) Ago. 84	Sep. 84	Oct. 84	Nov. 84	(4) Dic. 84	(5) Ene. 85
PSOE	42,0	44,3	40,6	37,1	39,2	41,2	41,6	42,1
AP	29,4	27,4	30,4	28,2	29,4	27,1	26,5	28,4
PCE	5,4	4,9	6,5	5,6	7,2	6,1	5,8	6,3
CDS	3,5	2,4	3,5	3,6	4,3	4,6	5,4	4,9
CIU	3,0	3,1	3,1	3,0	3,5	3,2	3,3	2,8
PNV (6)	2,0	2,0	2,0	1,9	1,9	1,9	2,1	2,0
EE (7)	0,6	0,6	0,5	0,6	0,5	0,5	0,6	0,5
HB (8)	0,8	0,7	1,0	0,8	0,9	1,0	1,1	1,1
PRD	-	-	-	-	-	-	0,8	0,8
Otros (e indecisos sin proyectar) (9)	13,3	14,6	12,4	19,2	13,1	14,4	12,8	11,1
Abstención decidida sobre censo (10)	12,1	11,1	9,9	13,2	11,8	11,2	14,0	13,5

(11)

### BIEN, ENTRE LOS SUYOS

¿Qué opinión tiene usted del líder del principal partido de la  
(12) oposición, Manuel Fraga?

(13) Voto octubre 82

GLOBAL (14)								
	Nov. 84 (5)	Ene. 85	Nov. 84 (5)	Ene. 85	Nov. 84 (5)	Ene. 85	Nov. 84 (5)	Ene. 85
Buena (15)	23,8	20,5	8,0	5,2	71,1	73,6	0,0	3,6
Regular (16)	23,3	30,3	23,8	28,8	19,7	23,1	0,0	3,6
Mala (17)	47,7	43,9	63,0	61,5	7,5	2,0	97,8	89,3
Voto neutro (18)	23,9	23,4	55,0	56,3	63,6	71,6	97,8	85,7

Key to Chart 3:

1. Reformists in Decimals
2. Voting intention, with projection of undecided
3. August
4. December
5. January
6. Basque Nationalist Party
7. Basque Left [Euskadiko Ezkerra]
8. Popular Unity [Herri Batasuna]
9. Others (and undecided without projecting)
10. Abstention decided in census
11. All Right Among His Own
12. What is your opinion of the head of the leading opposition party, Manuel Fraga?
13. Vote, October 1982
14. Total
15. Good
16. Fair
17. Bad
18. Neutral vote

Chart 4:

(1)

<b>CARAS QUE NO SON VOTOS</b>							
<b>(2) Indice de popularidad</b>							
	<b>(3) Ene. 84</b>	<b>Mar. 84</b>	<b>May. 84</b>	<b>Jul. 84</b>	<b>Sep. 84</b>	<b>Nov. 84</b>	<b>(3) Ene. 85</b>
Felipe González	55,8	55,0	52,1	52,6	51,8	54,4	50,6
Adolfo Suárez	38,3	39,5	41,9	40,8	43,3	43,0	41,8
Alfonso Guerra	44,1	44,8	41,7	41,0	41,0	43,5	41,1
Manuel Fraga	39,3	35,9	38,0	39,5	36,2	38,3	35,3
Miguel Roca	32,6	29,3	36,3	32,1	31,5	33,2	32,0
Santiago Carrillo	27,7	28,0	30,3	27,9	31,2	31,9	30,2
Carlos Garaicoechea	31,9	33,2	34,5	28,6	29,8	29,3	29,4
Jordi Pujol	28,3	24,4	35,7	29,1	28,7	29,2	27,9
Gerardo Iglesias	29,9	29,2	30,4	29,3	31,3	32,3	27,7
Antonio Garrigues	30,4	28,3	31,9	30,0	28,8	28,0	26,6
Oscar Alzaga	21,1	24,0	24,3	24,9	21,8	24,0	23,4

Key to Chart 4:

1. Faces That Are Not Votes
2. Popularity index
3. January

Chart 5:

(1) **MAS BIEN PESIMISTAS**

(2) ¿Cuáles de los siguientes factores económicos cree usted que van a mejorar o empeorar en el futuro? (4)

(3) Ene. 83 Mar. 84 Sep. 84 Ene. 85 (3) Voto octubre 82

(5) <b>Poder adquisitivo</b>							
(6) Mejorará	16,8	20,1	18,8	20,9	31,9	12,4	19,6
(7) Seguirá igual	23,8	20,3	24,4	28,2	25,9	31,6	32,1
(8) Empeorará	46,4	49,6	41,7	36,4	32,2	49,5	37,5
(9) <b>Inflación</b>							
(6) Mejorará	20,9	23,1	20,9	20,7	31,9	13,7	17,9
(7) Seguirá igual	22,6	20,6	22,2	27,2	27,3	26,4	26,8
(8) Empeorará	42,5	47,0	41,9	37,9	31,0	50,8	42,9
(10) <b>Paro</b>							
(6) Mejorará	19,4	18,4	17,6	20,5	31,9	12,7	10,7
(7) Seguirá igual	27,8	17,3	21,1	26,3	24,9	28,7	32,1
(8) Empeorará	47,5	60,0	56,8	46,9	39,3	55,4	55,4
(11) <b>Exportaciones</b>							
(6) Mejorará	33,2	29,4	32,0	32,3	43,7	18,2	28,6
(7) Seguirá igual	25,3	26,6	26,9	28,7	30,5	30,3	32,1
(8) Empeorará	17,1	27,0	21,7	18,4	10,6	36,2	19,6
(12) <b>Capacidad productiva</b>							
(6) Mejorará	30,3	29,3	31,5	29,6	44,2	14,0	28,6
(7) Seguirá igual	25,5	24,3	28,6	30,6	28,1	36,8	32,1
(8) Empeorará	22,1	29,5	23,7	21,4	13,7	35,8	21,4

Key to Chart 5:

1. Rather Pessimistic
2. Which of the following economic factors do you think will improve or worsen in the future?
3. January
4. Vote, October 1982
5. Purchasing power
6. Will improve
7. Will remain the same
8. Will worsen
9. Inflation
10. Unemployment
11. Exports
12. Productive capacity

## POR PARTIDOS



	Jun. 84 (4)	Ago. 84	Oct. 84 (5)	Dic. 84 (6)	Ene. 85
Integración total (7)	4,2	5,6	6,2	6,5	5,1
Integración sólo en la organización política, pero no en la militar (8)	17,3	16,5	12,4	23,7	20,6
Salida total (9)	48,6	57,9	53,6	48,7	55,4
No sabe/No contesta (10)	29,9	20,0	27,8	21,1	19,0



	Jun. 84 (4)	Ago. 84	Oct. 84 (5)	Dic. 84 (6)	Ene. 85
Integración total (7)	0,0	3,0	0,0	0,0	0,0
Integración sólo en la organización política, pero no en la militar (8)	8,3	6,1	5,8	1,3	1,8
Salida total (9)	86,1	84,8	85,5	98,7	92,9
No sabe/No contesta (10)	5,6	6,0	8,7	0,0	5,4



	Jun. 84 (4)	Ago. 84	Oct. 84 (5)	Dic. 84 (6)	Ene. 85
Integración total (7)	41,2	31,4	29,7	35,4	43,3
Integración sólo en la organización política, pero no en la militar (8)	15,3	31,4	14,4	23,0	18,2
Salida total (9)	12,2	18,6	15,7	15,5	16,3
No sabe/No contesta (10)	31,3	18,6	40,2	26,1	22,2

(1)

## LA OTAN SIGUE MUY CRUDA

En su opinión, ¿qué tipo de relación debería  
(2) mantener España con la OTAN?

(3) GLOBAL

	Jun. 84 (4)	Ago. 84	Oct. 84 (5)	Dic. 84 (6)	Ene. 85
Integración total (7)	15,2	11,2	11,8	13,0	12,8
Integración sólo en la organización política, pero no en la militar (8)	15,0	17,9	12,3	19,4	19,9
Salida total (9)	39,8	48,4	44,4	46,8	44,8
No sabe/No contesta (10)	30,0	22,5	31,5	20,8	22,6

Key to Chart 6:

- |  |  |
|--|--|
| 1. NATO Is Still Very Rough  | 6. January   |
| 2. In your opinion, what type of re-<br>lations should Spain have with NATO? | 7. Total integration   |
| 3. Total   | 8. Integration only in the political<br>organization, but not in the mi-<br>litary |
| 4. August  | 9. Total withdrawal  |
| 5. December  | 10. Don't know/no answer   |

POLITICAL

SPAIN

GONZALEZ ADMITS STRONG OPPOSITION IN PSOE TO NATO MEMBERSHIP

Madrid YA in Spanish 4 Feb 85 p 7

[Interview with Felipe Gonzalez, president, by Norwegian television on 1 February in Madrid: "Spain's Departure from NATO Would Cause Unpredictable International Imbalances"]

[Text] Madrid--Spain's departure from NATO would hurt the interests of Europe and the Western world although the Spanish citizen feels he has no reason to be grateful to NATO. The president of the government, Felipe Gonzalez, stated this in an interview granted to Norwegian television. The interview took place on 1 February, preceding the visit that the Norwegian prime minister, Kare Willoch, will make to Spain this week. In his responses, the Spanish chief executive acknowledged that he received help from European leaders in order to reach power. He felt Spain's admission to NATO was "gratuitous enough" although it was done against his will. He indicated that its departure would present "problems of balance in the international situation which are difficult to predict."

The complete text of the interview Felipe Gonzalez granted to Norwegian television is as follows:

[Question] It is said that Willy Brandt and Bruno Kreisky protected and supported you so that you could become the leader of Spanish socialism. Is that true?

[Answer] Well, you could say so. There was very active solidarity from Willy Brandt, Bruno Kreisky, Olof Palme and other democratic socialist leaders in Europe. I believe that this had an influence, especially in the last stages of the previous regime. In its last phase, the dictatorship had real concern about international public opinion. Consequently, there were a few years when I was sentenced to jail for 8 years but was moving around Europe. Therefore, I believe that great solidarity at the international level responded to that.

[Question] What do you remember most about your underground political work during General Franco's regime?

[Answer] Many things. From the point of view of the work I did, perhaps what has been the most useful in my opinion is to have used cracks in the dictatorship itself to try to win freedom. I had a law office thorough which I defended the interests of the workers. We formed a type of parallel free unionism. From the emotional point of view, what I remember most is the always frustrating feeling of entering Spain and losing freedom, the anguish of losing freedom when one entered one's own fatherland and regaining freedom when one left. That is what stands out most, I think.

[Question] What was the most negative aspect of Franco's regime in your opinion?

[Answer] I believe there were several. From my viewpoint, I think a human being is distinguished especially by acquiring the identity of a human being, precisely by feeling free or not. The dictatorship was a denial of freedom. I believe that it must be added that Spain, in my opinion, could not hold the position it should have internationally and in its own development because the dictatorship stifled several generations in that atmosphere without freedom. I believe this is the biggest reproach that can be made to the dictatorship: an attempt to kill ideas, something that is impossible in my opinion.

Spain's Admission to the EEC

[Question] Why is Spain's admission to the EEC so important?

[Answer] Look, there are political reasons mainly and economic reasons or practical ones. Half of our exports go to the EEC. Italy exports the same amount to the EEC. It is ridiculous that we are not at the decision-making table of the EEC. Politically I believe the problem has greater historic importance. Spain has always lived separated from the rest of Europe. Integration in the Europe of the Council of Europe and the EEC means sharing the destiny of Europe and, therefore, strengthening our perspective of democracy and freedom.

[Question] Is it correct that your government uses eventual complete association with NATO as a lever to join the EEC?

[Answer] I don't think it is correct to say that. I don't think so. It is more correct to think that if Spain is going to share European security problems, Spain has the right to participate and share in the economic, political, cultural and social institutions. Therefore, I believe there is a relationship between one and the other.

[Question] Mr President, why have you changed your stand on NATO?

[Answer] I will try to explain this clearly. Spain was tied to a bilateral agreement with the United States until 1982. That was the way to participate in Western defense--that is, to be responsible for collective security.

Then Spain joined NATO against my will. If I had to make the decision to join, I would not do it. It joined NATO and departure from NATO now, in my



opinion, would generate mistrust for one thing, a deep mistrust in Western Europe. How is it going to interpret Spain's departure from NATO? It will present problems of balance in the international situation that are difficult to predict.

Therefore, I believe that the admission was gratuitous enough but, at this time, departure would be harmful for the interests of the world in which we want to participate, Western Europe and the Western world. Therefore, I believe that the best thing for Spanish interests and for European interests is to remain in the current situation. That is what has changed my stand if you can call it that.

#### Disagreements in the PSOE on NATO

[Question] Is it correct that there are disagreements within your party and your government about NATO?

[Answer] Within the government, not really. There have been disagreements within the party. I say there have been because, as a democratic party, the congress that was held in December adopted the position I had proposed by a majority. Therefore, the party accepts that position but I must say that a major part of the party rejected NATO as did a major part of Spanish public opinion. That is perfectly understandable.

In the rest of the countries in Europe, NATO was created and accepted emotionally and rationally after World War II. The heart and the head of the European people were with NATO. It was necessary to create a defense system that averted the risk of war. That was not true for Spain. We could say that the Spanish citizen does not have any reason to be grateful to NATO emotionally. NATO strengthened the democracies of Europe but Spain continued to be a dictatorship. Therefore, it is necessary now to make a rational effort to accept NATO, not an emotional one which is impossible.

#### Relations with Norway

[Question] Last, what significance does the Norwegian prime minister's visit have for Spain?

[Answer] I believe it is important that the Nordic countries and Spain--in this case, Norway and Spain--improve relations politically, economically and culturally. Why even on the cultural plane with Spain? Because Spain is somewhat united culturally with the Latin American continent. I believe that the Latin American continent has great present and future importance for all Europe. Consequently, Spain is a key element from the cultural and political point of view to achieve this understanding that greatly interests the European countries.

From the economic viewpoint, there are certain areas where we should make an effort to complement each other. Industries like paper, to give just one example, are segments of economic activity in which we can be more closely related. Also from the economic point of view, Norway is a country that has

become an oil producer. We are a country with a great energy shortage. Diversification might advise that we have an agreement with Norway on this.

Above all, the truth is that there is a logical attraction between the South that we represent and the North that you represent to get closer and to get to know each other. We welcome many Norwegians to Spain. There are not many Spaniards in Norway but there is a mutual attraction that is logical. I always explain that logic in these terms: I believe that no country in Europe, the great Europe, can play an important role alone today in the world. There must be ties of understanding so that Europe has a positive effect on the international scene as a factor of dialogue and peace. Those ties of understanding are only formed by mutual knowledge.

7717

CSO: 3548/103

POLITICAL

SWEDEN

# PALME WARNED TO TONE 'GIFT' FOR POLEMICS ON CAMPAIGN TRAIL

Stockholm SVENSKA DAGBLADET in Swedish 6 Mar 85 p 6

[Commentary by Claes-Goran Kjellander: "Palme's Campaign Tour Will Break the Trend"]

[Text] Today party leader Olof Palme begins an 11-day trip to six counties and nine provinces. At the same time Prime Minister Olof Palme is taking a vacation of the same length.

The party leader will spend an entire working week of 40 hours in industries, hospitals and schools. He will hold 10 press conferences, answer telephoned questions in 5 local radio districts, meet the leadership of the party districts, working communities and central trade union organizations.

He will give a number of speeches which will be heard by nearly 10,000 Social Democrats. He will drive an interurban train and visit a zoo.

Briefly put, this is one of Olof Palme's biggest campaign trips ever. And why is he doing it now in March?

To Break a Trend

It is to break a trend. The party leader is not doing it alone, but through experience the party has an almost unlimited confidence in Olof Palme's ability to awaken and stimulate his own.

Now the Social Democrats must do everything possible to get their people out doing election work.

Then how does it go at Olof Palme's meetings? SVENSKA DAGBLADET accompanied him a week ago to Kalmar and Vastervik. From the stage steps in the overflowing People's [remainder of paragraph omitted].

Gifts

First he gets gifts. A list of names favoring a Nordic nuclear weapon-free zone, 1000 trees in Kenya.

"I was going to speak about Kalmar County," says Olof Palme, "but now I must begin with something else."

That something else is the world outside Vastervik, with 145 wars since 1945, with the war between Iraq and Iran, with Star Wars and Reagan's illusion of a total defense, with missiles and the risk of war due to technical or human error along the German border in Europe.

He speaks of the risk that the war between Iran and Iraq can develop into a world conflict in which nuclear weapons will be used, of the moment when a black cloud over large parts of the world obscures the sun, of a long period of cold even in the warm parts of the earth.

It is quiet as a church. And from the perspective of the stage steps the 500 faces melt together into a still photograph.

There is a moment of reverence, a moment of bewitching. Olof Palme himself breaks the moment:

"Thank you for being concerned with important things here in Vastervik, with peace and survival. In the Riksdag they busy themselves with other things, with dinners and shows, when they should devote their time to something important, to peace, poverty and the world."

Then people laugh, move around, cough, and act like a normal public again. The bewitching is over.

And Olof Palme has begun his election campaign.

We journalists get to see all the party leaders when they meet their own, in the secure environment where they already know from the beginning that almost everybody shares their values.

It is not a matter of convincing, but of strengthening the conviction. In the same way the other party leaders meet their people, convince them, have a single meeting to put forth a cascade of ideas and arguments which a few weeks later have scattered into thousands of doubtful minds.

Therefore it is so important that party leaders never vacillate.

#### Catastrophe

A poor appearance on TV can be a catastrophe, since it has a direct effect on the people, the voters. But in the long process before an election it is the sum of the achievements which is decisive.

In 19 cases out of 20 Olof Palme chooses to speak without a manuscript. That does not mean that he is not prepared. He chisels out his pictures, learns

from experience what is good and what is not so good, but always looks for new words. Sometimes he gives the impression of impatience, as if the words he has already used cannot be used once more, that he must push them aside in order to try if there is not a better way to express what he wants to say.

#### Inspiration of the Moment

Often a new picture appears in the awareness of the moment. It was thus with Ludvig Svensson's curtain factory on the marketplace in Boras, with belts and elbow room in the park in Solleftea, with the cart on the hill which would be chased, caught up with and brought up again, it was born in Kolmarden.

But that was 1982. Now it is 1985 and Olof Palme moves from speech to speech with the picture of the nonsocialist party leaders who stumble like servants around Mother Svea: "Same procedure as last year."

That will be repeated a few hundred times more before the election on 15 September. Certainly it is vicious, but with a common, petty, Erlander-like tone.

And it is no coincidence that Olof Palme is not at the moment more vicious than that. It is true that the Social Democrats are entering the election campaign in the firm belief that the party's strength lies in the issues. Therefore the issues will dominate Olof Palme's presentations as long as he is able to keep his polemic tendencies in check.

It is just these polemic tendencies which have more than once led Olof Palme down the wrong path. Now his colleagues in the party leadership want no more debates of the Bodstrom type. For each such mishap the party loses tempo in the election campaign. After the polls in January the election leadership was convinced that a debate on the issues of the economy, purchasing power, production and government ability would win back everything that had been lost. In that case Olof Palme would also as party leader have to fulfill the roll of self-evident prime minister.

9287

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POLITICAL

SWEDEN

# PAPERS SEE PROBLEMS FOR SDP IN SPITE OF POLL GAINS

## Communists' Setback Offsets SDP Gain

Stockholm SVENSKA DAGBLADET in Swedish 10 Mar 85 p 5

[Article by Claes-Goran Kjellander: "Difference Between Blocs Narrows"]

[Text] The nonsocialist advantage has declined from 8.0 to 5.5 percent. Uncertainty among the electorate has increased.

Those are the two most important pieces of information in the February poll from SVENSKA DAGBLADET/SIFO [Swedish Institute for Public Opinion Polls].

The survey produced the following figures:

Social Democrats	41.5 (+ 1.0)
Conservatives	30.0 (- 1.0)
Center	12.5 (- 0.5)
Center Party	10.0 (+ 1.0)
Christian Democratic Union	2.5 (- 1.5)
Liberals	9.0 (- 0.5)
Left-Communists	4.5 (- 0.5)
Other parties	2.5 (+ 1.5)

The percentage of voters who did not list any party as best was no less than 9.0, again the highest percentage in the history of the poll. This is the third time in a short period that uncertain voters have set a record.

As usual SIFO asked which party voters considered best today. The 1004 people interviewed were questioned between 6 and 20 February.

## Tendencies Confirmed

The gap between the blocs was 1.5 percent before KDS [Christian Democratic Union] was incorporated in the nonsocialist bloc. After that it was 3.5 percent in September, 3.5 percent in October, 7.0 percent in November, 9.0 percent in December and 8.0 percent in January. Now it is 5.5 percent.

In all cases the poll confirms the established long-term tendencies.



The Social Democrats are clearly out of their slump at the end of 1984 and have now gained 2.5 percentage points in 2 months.

To catch up with and surpass the nonsocialist parties the Social Democrats and VPK [Left-Communist Party] now need to gain 3.0 percentage points. To put it another way, 180,000 people have to be lured across the boundary line between the blocs.

#### Two Interpretations

The uncertain voters, whose role is described below, are also a potential, of course. But they just give a plus and do not subtract from the other bloc's votes.

The Social Democrats' 41.5 percent can be used in both positive and negative interpretations depending on one's disposition and interests. It can be interpreted as a sign that the party is now on the way up and that the discussion surrounding Foreign Minister Lennart Bodstrom has done no harm. It can also be interpreted as a sign that the party did not get the entire positive effect from the budget presentation that was within reach, according to the January SIFO trend.

The most interesting point on the nonsocialist side is the normalization of relations between the Center Party and KDS. KDS is now at a more normal level with 2.5 percent while the Center Party has gone up to 10.0 percent. That is still quite low, but even so it is a gain.

The Conservative Party achieved a 30.0 percent level, 1 percent less than in January but still higher than the party achieved in 1984.

#### Increased Heat Between SDP, Conservatives

The distance between the Conservatives and the three middle parties is 8.5 percent and shows no signs of shrinking. This increases the heat in the relations of Adelson and Palme--the two most likely candidates for the prime minister post.

If we look at the long-term trend which is important for purposes of evaluation--for a number of reasons the figures from individual months can vary--there is a positive tendency for the Conservatives and the Social Democrats, while the tendency is slightly negative for the Liberals and VPK and very negative for the Center Party.

The long-term trend is 41.1 percent for the Social Democrats, 29.4 percent for the Conservatives, 13.5 percent for the Center Party, 9.2 percent for the Liberals and 4.9 percent for VPK.

Some of the changes for the small parties can be ascribed to the vagaries of chance. KDS and the other small parties got 5.0 percent in both January and February. In January KDS got 4.0 percent of this and the other parties 1.0. In February they split the 5 percent evenly with each group getting 2.5 percent.

### SDP Voters Most Volatile

Stockholm SVENSKA DAGBLADET in Swedish 10 Mar 85 p 5

[Article by Claes-Goran Kjellander: "More and More Voters Make Last-Minute Party Choice"]

[Text] The fact that 9 percent of the voters cannot single out a party they feel is best can be explained in terms of many factors.

One is that all studies indicate that voters make a decision at a later date. In the 1982 election, according to Soren Holmberg's voter survey, 33 percent made up their mind during the election campaign. The percentage of those who make a late party selection has increased in each study since 1964.

Another factor is that from the point of view of the parties the voters have become increasingly unreliable. In 1982 20 percent of the voters switched parties. That corresponds to 1.2 million voters. In addition about 10 percent of the voters choose different parties in parliamentary and municipal elections. In both cases the number of "unreliable" voters has roughly doubled since the 1970 election.

#### Voted for Change

A third factor is the uncertainty felt by many Social Democratic voters from 1982, according to different surveys. An obvious explanation is that those who were dissatisfied with the government prior to 1982 voted for a change, but now they are waiting to see whether the intended change really took place.

A fourth factor is the interaction between the Center Party and KDS. SIFO figures in the fall and winter provide some support for the theory that Center and KDS voters are adopting a wait-and-see attitude toward the new party formation.

The high percentage of uncertain voters affects the opinion polls in a special way, which can be demonstrated with an example.

If we assume a base of 1000 people, we can distribute party sympathies in the following way:

Party A: 400, 40 percent; party B: 300, 30 percent; party C: 150, 15 percent; party D: 100, 10 percent; party E: 50, 5 percent.

If we then estimate that 10 percent can be eliminated as uncertain, we find that to have the same share of the votes the parties only need to have 360, 270, 135, 90 and 45 sympathizers respectively to maintain their share of the electorate.

But if we assume that the uncertain voters are distributed in a different way, we have an example of how the figures can be affected.

We give party A 370, party B 275, party C 127, party D 86 and party E 42.

The percentage distribution is now 41.0, 30.5, 14.0, 9.5 and 4.5 respectively (for a rounded-off total of 99.5).

In the third stage we reduce the number of uncertain voters to 7.0 percent and distribute those who have just made up their minds in the following way:

Party A increases by 1 to 371; party B increases by 6 to 281; party C increases by 11 to 138; party D increases by 8 to 94; party E increases by 4 to 46.

The surprising thing happens that the parties are back to their old percentages--40.0, 30.0, etc. In spite of the fact that party B made a real gain in the number of supporters, its share declined by 1 percentage point. Translated into absolute figures it could be described as "a shift of 60,000 voters away from party B." But that is not the case at all--on the contrary, the number of potential voters has increased in spite of the relative decline in the share of the voters.

When we apply this to the current poll it can be described in the following way. When the percentage of uncertain voters rises by 1.5 percent, the same number of party supporters as in the last survey is enough to make the figure for the party rise by 1 percentage point.

#### Polling Organizations' Methods Differ

Stockholm SVENSKA DAGBLADET in Swedish 10 Mar 85 p 5

[Article by Claes-Goran Kjellander: "SIFO and IMU Use Different Methods"]

[Text] Today two opinion polls came out, one from SIFO and one from IMU [Institute for Market Surveys]. The SIFO poll comes out in SVENSKA DAGBLADET, the IMU poll in DAGENS NYHETER and neither newspaper has access to the other's material.

Thus there is good reason to remind our readers once again that the figures from SIFO and IMU are not directly comparable.

One important difference is the polling periods. SIFO conducts polls each month while IMU has a longer period of time between its polls.

This means that a comparison of tendencies must be based on SIFO's polls from November and December, the period in which IMU conducted its last poll. Thus a comparison cannot be made with SIFO's January poll.

Compared to the December poll the parties have made these changes in the SVENSKA DAGBLADET/SIFO poll: Social Democrats, + 2.5 percent, Conservatives, + 1.0, Center, - 2.0, Liberals, - 1.5 and VPK, - 1.5 percent.

The entire Center loss was at the expense of the Center Party, while KDS is still at the same level.

The second big difference between the two opinion institutes lies in their evaluation of the small parties (with the exception of KDS).

IMU hands out ballots for these parties too which tends to give them a higher rating in the opinion polls than they get in elections.

The SIFO method requires an active effort in the form of writing the name of the party on a blank ballot.

If the small parties get a higher share of supporters this automatically affects the figures for the other parties, since there are fewer percentage points left to divide up.

#### Conservative Paper on Polls

Stockholm SVENSKA DAGBLADET in Swedish 10 Mar 85 p 2

[Editorial: "Warning Bell"]

[Text] The shift in the winds of political opinion in the first months of the year is not strong but it is clearcut. The nonsocialist bloc's lead over the socialist bloc in December, 54-45, has shrunk in February to 51.5-46. What is noticeable is that to a large extent the Social Democratic gain has been offset by a decline for VPK while the number of uncertain voters increased, which primarily hurt the nonsocialist parties this time around.

Even though the Social Democrats now lie a whole 6 percentage points below their February figure from the last election year, 1982, the gain naturally acts as a stimulus to Social Democratic campaign efforts. But the question is whether the party leadership doesn't feel some disappointment even so.

It was during the first few months of the year that the Social Democrats were supposed to change the winds of public opinion, primarily with the help of the budget proposition in January, the slogan "Sweden on the right track," and various promises. At the same time the nonsocialists presented their not exactly popular savings proposals along with the marginal tax reductions which could be presented as a benefit for the wealthy.

It is true that there has been a shift of opinion in favor of the Social Democrats but the question is whether the Social Democratic strategists were counting on a more tangible shift. And the major opponent, the Conservative Party, is still at a largely unchanged high level.

If the Social Democrats use their gain to spur campaign workers on in an all-out campaign, the nonsocialists should primarily regard the SIFO poll as a warning bell and a reason to think over their campaign strategy.

It can certainly be said that the Social Democrats have already wasted some of their ammunition. But they can still cash in on the effects of many populist measures and promises: the tax rebate, subsidies for the big cities, subsidies for rural areas and all that this entails. Nor should one underestimate the ability of SDP strategists to combine their inventiveness with ruthlessness in order to come up with new attractive campaign promise packages.

When it comes to describing nonsocialist policy the Social Democrats certainly do not use kid gloves. And they are warming up their big election machinery.

One of the Social Democrats' heavy lines of argument is that they are more capable than the nonsocialists of handling the affairs of the nation. The nonsocialists often combat this by criticizing the competence of the Social Democrats and praising their own.

But that is conducting a campaign on Social Democratic terms. The nonsocialists should avoid falling into that trap.

The election does not really concern who is technically best qualified to administer a policy that is largely going to be the same either way. The election concerns which policy is best for people.

The Social Democratic policy has increasingly led us year after year toward a society dominated by a planned economy, collectivism and socialism. The wage-earner funds are a sign of this, but just one of many. The tax burden, the control of society, the regulations and the bureaucracy--all this and much more reduces the individual to a cog in the public and union collective. Each month of continued Social Democratic rule strengthens the socialist trend.

It is this trend and its consequences that the nonsocialist parties should constantly bring out in the campaign. In its place they must offer an anti-socialist policy of freedom.

When the Social Democrats accuse primarily the Conservatives of wanting to change the system, the challenge should be accepted. The election is mainly a choice between systems: between a socialist system that puts the state and the collective first and a system of freedom where individuals, their intrinsic value, freedom of action and freedom of choice, are central.

#### Center Party Downward Trend Viewed

Stockholm SVENSKA DAGBLADET in Swedish 14 Mar 85 p 2

[Editorial: "A (Center) Decade"]

[Text] Things have not gone well for the Center Party in the opinion polls recently. There now seem to be signs of concern here and there in the party. One can actually call this a self-critical debate in some quarters. What has been done wrong?



Party secretary Goran Johansson has given the answer that someone in his position is expected to give: "We have not put our message across to an adequate extent."

As an explanation for a downhill slide that has gone on for more than a decade this is not the whole story at any rate.

The best election for the Center Party was in 1973. Since then the party has lost voters and seats in each election. But in the 1976 election the loss of votes was overshadowed by political success: Falldin became prime minister and the Center Party also got a prominent position in the first nonsocialist government.

Social Democratic participants in the debate like to say that the explanation for the prolonged setbacks is that the party has been too involved in bloc politics, too nonsocialist, too tolerant of the so-called right, etc. Falldin is given the blame for this. And then they cite Gunnar Hedlund and his co-operative policy toward the left as a positive contrast.

That policy may have been positive for the Social Democrats but it was not for the Center Party. Things were in a sad shape before they broke out of the red-green coalition in 1957. Gunnar Hedlund was not really successful as a party leader before he really started to act like an opposition politician.

The Center Party did not make its first real breakthrough in public opinion polls until after the famous conference in 1971 when the three nonsocialist party leaders presented a planned joint action for the first time.

It was as a leading nonsocialist party that the Center Party had its period of glory. The same thing can be said on the personal level of Thorbjorn Falldin. The peak was reached in 1973 before the party had made its hardest efforts in the nuclear power issue and presented a profile as something like a single-issue party.

Things were not as good as early as 1976. Of course the Center Party did win votes by scooping up the famous Green Wave and as a result of its militant resistance to nuclear power. At the same time it is evident that even before the 1976 election this was regarded (by nonsocialist voters) as a drawback to nonsocialist cooperation. The net result was not a positive one for the Center Party.

And during the government period the disadvantages really became apparent. The energy question broke up the government.

The continuation of the nonsocialist government period in 1975-82 was also a disappointing time. The Center Party and Falldin lost most of their credibility as a leading force in a nonsocialist cooperation. They had been tested and they had not worked out satisfactorily.

It is in these experiences--now several years old--that one can find the basic reasons for the weak position of the Center Party today. Developments



after the 1982 election have not been clearcut. On the one hand obvious signs of an effort to facilitate a nonsocialist cooperation can be seen, for example in the outlines for a joint economic policy that have been drawn up by the Finance Committee.

On the other hand the name Dagmar stands as a symbol for an entirely different spirit. The Center Party has hardly played any role at all in the debate on freedom that has set its mark on the ideological discussion in recent years.

Swedish nonsocialists have simply not found any reason to return to the Center Party.

#### Nonsocialists Oppose SDP Coalition

Stockholm DAGENS NYHETER in Swedish 20 Mar 85 p 2

[Editorial: "Shifting Election Winds"]

[Text] A few days ago an opinion poll informed us that a good fourth of Social Democratic voters would like a coalition government with one of the nonsocialist middle parties, another good fourth wanted a coalition with VPK but a good many more than a fourth wanted a continued straight Social Democratic government. All of this assuming that the election in September will result again in a socialist but not a Social Democratic majority in Riksdag.

Now comes SIFO with a somewhat different message. It is true that here too 28 percent of Social Democrats want a straight Social Democratic government and 26 percent want a coalition with the communists. But according to this SIFO poll as many as 41 percent of Social Democrats would prefer a coalition government with one of the middle parties or both of them in this hypothetical situation in Riksdag.

It is interesting but perhaps not surprising that a large number of Social Democrats would like to march across the famous chalk mark between the blocs if the Social Democrats remain in a minority in Riksdag.

SIFO also asked nonsocialist voters where they would stand if there is a nonsocialist majority. It is not surprising that in this situation only 6 percent of nonsocialists would like a coalition with the Social Democrats in preference to a straight nonsocialist combination. But it is striking that 18 percent of Center voters and 14 percent of Liberal voters would rather form a government with Palme & Co. than with Adelson and his crew in spite of a nonsocialist majority.

This poll and other indications suggest that the constant confrontations, implacable attitudes and disagreements between the "blocs," now often clad in out and out class struggle terms, are more tactical and mass media phenomena than anything real or supported by the people.

According to an IMU poll for DAGENS INDUSTRI 15 percent would "definitely" vote for the Conservative Party and 28 percent might do so. Thus the total potential for the Conservatives is as much as 43 percent. This is almost as high as the Social Democratic potential, which IMU puts at 50 percent (22 percent definite and 28 percent possible).

This could look like a confirmation of the assertions that we are seeing a steady polarization and a tendency toward a two-party system in Sweden. But according to the same poll the two small middle parties have almost as much potential as the Conservatives, namely 36 percent apiece. In this sense the nonsocialist voters are volatile and tend to view the nonsocialist parties as virtually interchangeable with each other.

It is more surprising that the "green" Environmental Party, which is almost unknown to the mass media, with 26 percent (2 definite, 24 possible) seems to have a far greater potential than both VPK with 17 percent (3 + 14) and KDS with 11 percent (2 + 9). Could the "greens" dispel the talk about wasted votes and the 4 percent Riksdag barrier if they were given a little coverage by radio and TV and the newspapers? Or would that work the other way and rob them of the attraction that now seems to lie in the very prefix "environmental"?

6578

CSO: 3650/210

POLITICAL

SWEDEN

# STUDY OF YOUTHS' PARTY PREFERENCES CONFIRMS CONSERVATIVE GAINS

## Conservatives Even With SDP

Stockholm SVENSKA DAGBLADET in Swedish 8 Mar 85 p 6

[Article by Holger Nilen: "SIFO Poll Shows Major Changes--Conservatives Moving Ahead Strongly Among the Youths"]

[Text] The Conservatives' concern over school policy has caused all the more youths to become Conservatives. That is the explanation given by Anna Lindh, chairman of SSU [Social Democratic Youth] for SIFO's [Institute of Public Opinion Research] recent figures on where young people are politically at home.

- Thirty-seven percent of youths authorized to vote in ages 18-24 believe that the Conservative Party is the best party today.

- Thirty-eight consider that the Social Democratic Party is the best.

Corresponding figures for the Center Party, Liberal Party and Communist Left Party are 9, 7.5 and 5 percent respectively.

## 15 Percent Hesitant

It was remarkable that every seventh (15 percent) of the 18-24 group could not find any best party.

All this came from a poll which was presented by the chief of SIFO, Hans Zetterberg at a Svenska Sparbank conference "Our Economic Situation" on Thursday.

The material was based on interviews with 866 youths during December-February. Similar polls have been conducted since 1955.

- In the winter of 81/82 every fourth young voter (24.5 percent) was a Conservative and every other was a Social Democrat (52.5)

- Today every third is a Conservative and every third is a Social Democrat.

#### SSU Surprised

Anna Lindh, chairman of SSU, is surprised at the figures.

"But the Conservatives invested so very much in the schools, and that is paying off now. Furthermore I believe that youths abandon the government party, whatever it is, when there are problems in society."

"That does not mean that the SIFO figures give low marks to SSU," said Anna Lindh. "Previously we did not work sufficiently in the schools. Lately we have worked hard, and will now push environmental questions, unemployment and peace," said Anna Lindh.

The chief of SIFO said that the Conservatives did not increase among the youths during the past year, but declined from 38 percent in the winter of 82/83 to 37 percent today.

'Fantastic'

The chairman of MUF (Conservative Youth), Beatrice Ask, believes that the SIFO figures are fantastic.

"It is good that the tendency is holding. But one should remember that polls are one thing, and results on election day are another."

Beatrice Ask said that there will absolutely not be a victory parade for the Conservatives in September.

"The reason why fewer youths are Social Democrats is of course because of the party's guardian attitude, that they will not free radio and TV. The Social Democratic Party does not understand that alternatives and new ideas are needed, which the youths want," said Beatrice Ask.

#### Majority Among Students

The MUF chairman does not believe that she needs to express any self-criticism despite that wage earning youths continue to believe that the Social Democratic Party is the best party (44 percent). While 32 percent of the workers 18-24 believe in the Conservatives. Among the students the figures are the opposite. There the Conservatives have a clear majority of 46 percent against the Social Democrats' 32.

"MUF has invested a lot in the schools, and we are traditionally worse among the workers. SSU of course has the advantage of having access to LO, while our contacts are fewer," explained Beatrice Ask, chairman of MUF.

Stockholm SVENSKA DAGBLADET 11 APRIL 1985 S. 1.

[Article by Claes-Göran Adelsohn: "Adelsohn says it is a question of Freedom"]

[Excerpts] "Youths do not make demands. Therefore they support us."

Conservative leader Ulf Adelsohn drew great attention when on Thursday he began a 3-day trip in south Sweden where he will visit the technical university in Vaxjo.

At the same time he received the 1985 opinion poll which shows that the Conservatives are supported by 37 percent of young voters, compared with 38 for the Social Democrats.

"But the interesting thing is that the Social Democrats lost 14-15 percent of the young voters in 4 years."

Adelsohn believes that freedom is important for youths. Freedom on the airwaves, freedom in choice of schools but in choice of child care.

No to No Demands

At the same time youths are making no demands which make no demands.

"This is a generation where support is increasing, supporting us to an ever increasing extent," he said.

Ten or 15 years ago questions of defense, the environment were dominant when party leaders visited the country. Now there are questions about defense, taxes on stock, crime, unemployment, interest rates.

But Ulf Adelsohn does not see that as a development away from solidarity and toward a society where people do not concern themselves with each other.

"Real solidarity is just as good as ever. But youths are seeing through the efforts to delude them with freedom. The freedom is the same as higher taxes and higher unemployment."

The question of freedom is not the same. It is a message, both when he speaks in the evening in the youth center in Vaxjo and when he meets the students at the technical university in Vaxjo.

Poor and Rich

But he spent the most time in a crowded classroom in Vaxsjo answering the question whether it is right to take from the poor and give to the rich.

The question is educationally difficult, he admitted, both before the students and in his minibus on the way from the Bodo glass factory to Kalmar.

#### Palme Admits Concern

Stockholm SVENSKA DAGBLADET in Swedish 8 Mar 85 p 6

[Article by Willy Silberstein: "Palme Says Youths Irritated at Conservatives"]

[Excerpts] Concerning the SIFO poll about the election sympathies of youths, Palme admitted that it looked worrisome, but he believes that the Social Democrats will win increased support during the election campaign.

"In 1968 there was a poll at about this same time, and we had only 25 percent of the youths. Six months later we had a fantastic election and had 55 percent when all the votes were counted.

"We also are getting clear reports that the Social Democrats fare better with the students. The Conservatives are considered stodgy, and they irritate the youths.

"We will explain what the rightwing wants to do, that the Conservatives want a wage freeze for youths under 20 years of age."

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MILITARY

DENMARK

DEFENSE PROCUREMENT POLICY BEING STUDIED FOR WASTE

Copenhagen BERLINGSKE TIDENDE in Danish 21 Mar 85 p 7

[Article by Thorkild Dahl]

[Text] State auditors criticize the fact that in several cases the defense system did not choose the best economic alternatives in making purchases.

"The defense system is naturally committed to using every krone as efficiently as possible. In situations where things can and should be corrected, this is done," Defense Minister Hans Engell (Conservative) said against the background of the state auditors' criticism of some defense purchases.

The Liberal member of the Defense Committee, Peder Sonderby, is now requesting a review of the critical report by the Folketing Defense Committee and said that "the armed forces cannot ignore the criticism of the state auditors.

"The defense agreement reached by a broad majority in Folketing provides no room for this kind of waste," said Peder Sonderby.

Defense Minister Hans Engell told BERLINGSKE TIDENDE that the report will now be sent for a hearing by the materiel authorities.

The state auditors expressed satisfaction in the report that following earlier criticism work is now being done to standardize defense purchases and make them more efficient but "this is still not entirely satisfactory."

Defense purchases amount to billions of kroner. The National Auditing Office reviewed a number of individual cases and pointed out that by using more carefully considered business methods the materiel commands could have achieved better contracts and thus saved the armed forces money.

Following the criticism in 1980 the Defense Command implemented a new system for paying for materiel in the United States through a special bank account in May 1984. Similar financing methods for the F-16 fighter planes have given an extra interest income of almost \$19 million since 1979.

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MILITARY

FINLAND

#### HIGH DOLLAR CAUSING DIFFICULTIES IN MILITARY PROCUREMENTS

Helsinki HELSINGIN SANOMAT in Finnish 15 Mar 85 p 38

[Article: "Reciprocal Defense Purchase Agreements with Sweden Off to a Good Start; Costly Dollar in Way of Reciprocal Purchases from the United States"]

[Excerpt] Agreed-on reciprocal trade agreements have gotten off to a brisk start in connection with large Finnish Armed Forces procurements from Sweden.

Reciprocal purchases of the new RBS-15 naval target missiles are piling up faster than anticipated, above all thanks to subcontract jobs.

As soon as during the next few days the Reciprocal Trade Commission appointed by the Defense Ministry will receive the first reciprocal agreements relating to the procurement of the latest model Air Force Drakens.

Air Force reciprocal purchases of Lear jet target-towing devices procured from the United States, the old black sheep of the Reciprocal Trade Commission, have, on the other hand, not yet made any headway. At the present time about 90 percent of the 125-million-markka commitment has not yet been met.

Saab-Bofors has sold us naval target missiles for the use of the Finnish Navy. The trade agreement grants 4 years time, until March 1987, to scrape together 100-percent reciprocal purchases.

So many agreements, especially for subcontracting, have, however, recently been approved as reciprocal trade agreements that sticking to that timetable will probably not produce any difficulties.

Subcontract agreements have above all been reached for the 9,000 parts of the latest Saab passenger car model.

Finnish firms have contracts for the manufacture of parts amounting to about 50 million markkas a year once they go into actual production of the car.

Finland's sales partner for the used Drakens purchased by the Air Force is the Swedish FMV, Flygvapnets Materielverk [Air Force Materiel Command]. Five years time has been allotted to meet a 100-percent reciprocal purchase commitment if a larger number of planes than now agreed on is not purchased.

The FMV has launched its contract commitment in a vigorous manner and the Reciprocal Trade Commission will receive its first reciprocal purchase proposals for discussion as early as at the next meeting.

#### Amounts Are Secret

The secretary of the Reciprocal Trade Commission, acting embassy adviser Esko Hamilo of the Foreign Ministry, cannot, or perhaps does not want to, talk about the amount of either Swedish firm's reciprocal purchase commitment, because that would also reveal the cost of the defense procurement equipment and the number of items involved.

The value of the Draken purchase has been publicly estimated to be about 200 million markkas.

The \$18-million reciprocal purchase commitment they have for years been trying to obtain for the Lear jets purchased from the United States is still at the same point as it has been for a long time now. The goal is actually farther away than it was before because of the increase in the value of the dollar. When the contract went into effect in the fall of 1980, the amount of markkas involved was about 70 million. Now, with 10 percent realized, over 113 million [of the commitment] has not yet been met.

The second extension granted the sales partner, Gates Lear Jet, expired at the end of last year and they are now working hard at complying with the contract without a new deadline.

An equivalent amount of purchases in compensation for the Lear jets has been proposed to the Reciprocal Trade Commission, an amount which, however, according to Hamilo, cannot be approved unless an extension for it is produced.

In addition, two sizable trade contracts are under consideration, with regard to which, however, the partners have not yet even reached final agreement. These contracts cannot be submitted to the Reciprocal Trade Commission for approval until after such agreement is reached.

According to Hamilo, in addition to the two big Swedish contracts and the Lear jets, the Reciprocal Trade Commission is constantly following up on some 10 other reciprocal trade projects.

Among others, the Swedish firms of I.M. Ericsson and Bofors as well as Hagglund, which has sold Finland halftracks, have been trying hard to put together reciprocal purchase agreements.

Two firms, the British Rolls Royce aircraft engine plant and the Dutch Philips, are stocking inventory for reciprocal trade agreements with an eye to possible future defense equipment sales. According to Hamilo, such a seemingly unexpected and surprising course of action is possible, but only in special cases.

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19 April 1985

MILITARY

ICELAND

## SECURITY AFFAIRS COMMISSION (SAGA) REPORT ON DEFENSE MATTERS

Reykjavik MORGUNBLAÐIÐ In Icelandic By Gunnar Gunnarsson

[Text] The Security Affairs Commission has issued a report under the name of "The Air Base at Keflavik: Goals and Progress," written by Gunnar Gunnarsson, a member of the committee. In the report, the author describes the developments in the area of increased defense activity since 1971 in the preparatory and planning stages in the last few years. He talks about the air plant at Múlawiki, relocating the hangars at the Keflavik airport, modernizing the Defense Force's fighter plane and increasing their number, modernizing the current fleet of aircraft carrier submarines, and plans concerning new early warning systems in the Westfjords and in the north-east.

Gunnar Gunnarsson says in the report that the plans and achievements relative to the Keflavik air base were the result of efforts and intentions to expanding the role of aircraft throughout Iceland as military operations. The Americans started talking about these plans as early as 1971, considering such factors as the huge costs involved in the construction and maintenance of aircraft carriers, as well as increased nuclear resources in the areas of airborne warfare and Soviet stockpiling of nuclear missiles for use against ships.

The author of the report says that in conclusion the goal seems to be to reinforce the Keflavik air base, relative to its defense, in three ways: to strengthen Iceland's air defense, to build up the aircraft carrier fleets, and to reinforce transportation routes between the islands. The strengthening of Iceland's air defense is connected with air force and fleet studies that have been made indicating how they could be done in the country in an airborne attack. As a result of these studies, the Americans have been doubtful that their air defense could be sufficient against large fleets of bomber planes equipped with nuclear weapons, and they have indicated that their defense system would be reinforced by means of land-based aircraft.

Gunnar Gunnarsson says that it seems to be obvious that there is no particular connection between plans or goals and actual developments as regards the Keflavik base and the goal of the strategic cooperation to achieve supremacy

at sea. The author points out that the Reagan administration came into power early in 1981, but it seems that as early as 1979 the Americans have been planning to reinforce the Keflavik base in the area of air defense. In connection with this, he draws the reader's attention to the fuel tanks and the reinforced aircraft hangars.

Gunnar Gunnarsson also tells about plans to establish a stronger administrative base at the Keflavik airstrip, which would be in charge of both anti-submarine warfare and air defense as well as the defense forces themselves. He says that this has been discussed inconclusively in the U.S. Congress, that the topic of the administrative base has been buried, for the most part. What would be involved would be a windowless building, largely aboveground. Total cost for building is estimated to amount to some 55 million U.S. dollars.

The author tells how goals and developments in the area of defense here in Iceland are a part of general NATO plans regarding defense reinforcement. Additions to Icelandic air defense would be within the stipulations which apply to grants made through the NATO Construction Fund. In addition, Gunnar Gunnarsson describes how the costs would be shared between the U.S. and the NATO Construction Fund. Iceland itself does not have access to the fund. Total costs of the planned developments (fuel tanks, fuel processing, hangars and administrative base), not including the early warning stations, is estimated at some 284.4 million U.S. dollars, of which the Americans would pay 165.85 million and the Construction Fund 118.55 million.

Gunnar Gunnarsson's report is 39 mimeographed pages. It is for sale in most bookstores, and can also be obtained by mail from the Security Affairs Commission, Laugavegur 170. The commission includes representatives from the People's Alliance, the Social Democratic Party, the Progressive Party and the Independence Party. Bank president Bjorgvin Vilmundarson is the chairman of the committee.

9584

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MILITARY

ICELAND

PAPER COMMENTS ON NUCLEAR ARMS CHARGES MADE BY WILLIAM ARKIN

Reykjavik MORGUNBLADID in Icelandic 24 Jan 85 p 28

[Editorial: "Scare Tactics"]

[Text] For some years now, ever since the Soviets cranked up the arms race to the point that the defense programs of western Europe had to be reinforced by American nuclear weapons in this hemisphere, the opponents of the military base here in Iceland have been frightening the rest of us by talking about the strength of the Soviet nuclear weapons. The most prominent source of foreign support in these scare tactics has been William Arkin. However, he has told so many different stories by now that they probably will not be quoting him next month.

On the basis of information from Arkin, the opponents of the base have maintained that there already were nuclear weapons in this country. But then Arkin himself took back these statements. After that, he made a statement concerning an unconditional license to bring atomic bombs here in time of war. He has since withdrawn that statement as well.

Those folks here in Iceland who maintain that Western defense forces are more dangerous to world peace than Soviet war preparations hardly give up at that point, though. Day after day we have seen how THJODVILJINN (the propaganda organ of the Vietnamese here in Iceland, as it were) hammers away on the subject of the early warning stations, telling us that if new ones are built here in Iceland, it will most certainly result in a Soviet nuclear attack on the country. This scare tactic of unprecedented proportions will most likely make its mark on whatever philosophies of peace have arisen here in Iceland. In all of the western nations, the common man has been able to see the inconsistencies in the arguments of people who talk the way THJODVILJINN has on the issue of the early warning stations. Their argument is built on the simple rule of the communists, that it is better to give up than to show opposition to tyranny. What would the Vietnamese say about that, do you think? Or the Cambodians? Or the Afghans? Or the Ethiopians? Or the Cubans?

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MILITARY

ICELAND

# COLUMNIST SEES PROGRESS IN RESOLVING BASE IMPROVEMENT ISSUE

Reykjavik MORGUNBLADID in Icelandic 26 Jan 85 p 9

[Commentary by 'Staksteinar': "The Progressives and the Defense Issue"]

[Text] The Progressive Party is promoting some policy-making on foreign affairs issues today, and it has invited a number of people to consult on this matter. Statements made to MORGUNBLADID by Haraldur Olafsson and Steingrímur Hermannsson in the past few days seem to indicate that there are some things relating to defense matters which the Progressives have yet to decide on amongst themselves. Today's 'Staksteinar' covers these things.

## Helgúvík and the Progressives

When we look back over the developmental history of the defense force here in Iceland, we can see long sequences of many multi-faceted eras of change. But you cannot contradict with logical arguments the fact that the physical facilities constructed for the use of the defense force were minimal for some years. Five or six years ago, this began to change. Ideas arose concerning renovations both in machinery and facilities. The greatest progress was in the field of air defense, including the construction of new aircraft hangars and new fuel storage facilities. Proposals for work on the fuel storage tanks at Keflavík Airport came originally from innovative persons in the neighboring rural cooperative districts who were worried about pollution and who thought that the old tanks were prohibitive of the course of natural progress.

When the three-party government of Ólafur Jóhannesson (Progressive Party) came into power in August 1978, and Benedikt Gröndal (Social Democratic Party) was made foreign minister, the People's Alliance Party set up the condition that each one of the governing parties had veto power regarding the majority of the developments in the area of national defense. When the Gunnar Thoroddsen government was formed, in February 1980, and Ólafur Jóhannesson was made foreign minister, the People's Alliance Party set up a condition on their part that nothing would be decided relative to new construction at the Keflavík airstrip without the agreement of all participants in the government. Ólafur Jóhannesson justifiably interpreted this condition to mean that it was in his power as foreign minister to make decisions relative to developments in the area of defense.

We could write a long report on the tug-of-war that went on concerning new aircraft hangars and the Helguvik oil station under the Gunnar Thoroddsen government. The People's Alliance played both sides against the middle. To outside parties, they said that they opposed Olafur Johannesson's statement that decisions should be made on these developments; but on the inside, they did not change anything in their government activities. In actuality, the People's Alliance ministers and MP's agreed with the policies of Olafur Johannesson and the Progressive Party on these matters. It later came out, in the editorial column of MORGUNBLADID as well as other places, that never before had so much in development funds been granted to the defense force in the course of one year--including the first years of the defense force here in Iceland--as were granted under the administration of Gunnar Thoroddsen.

#### Arguments Between Olafsson and Hermannsson

The above historical overview must be kept in mind if we are to understand how noteworthy the arguments have been that have appeared in the pages of MORGUNBLADID between Haraldur Olafsson, who inherited the parliamentary seat of Olafur Johannesson in Reykjavik, and Steingrimur Hermannsson, prime minister and chairman of the Progressive Party. These arguments have covered the developments in Helguvik as well as other topics.

These arguments have not involved the taking of positions on individual developments at the base. Olafsson and Hermannsson have agreed that each of them is correct in thinking that it is necessary to defend our land and our people. But Olafsson has said, after examining the issue as a whole: "Now it has become clear that plans are in the air which, it seems to me, will greatly increase Iceland's military significance; and I will state here that I cannot condone this, as a representative of my party."

Yesterday's MORGUNBLADID describes Steingrimur Hermannsson's reactions on this issue: "He answered that Olafsson was free to have his own opinions, and that it unfortunately could not be denied that Iceland was continually acquiring a higher military profile in the world; but this was not due to any actions on our part, but rather to tendencies over which we had no influence, particularly the greatly increased influence of the superpowers in the North Atlantic."

This is in fact the kernel of the argument between Olafsson and Hermannsson: Has Iceland's military significance increased greatly? Or has Iceland become increasingly more significant on a world military scene which demands stronger defense program? We are talking here about a basic question which it would be nice to hear the Progressives give a clear answer to, without equivocation.

Haraldur Olafsson's opinions are similar to the opinions of those who oppose the military base: they both see the physical constructions of defense as being the dangerous thing, rather than preparations for war made by opposing powers.

Another opinion came out in Steingrimur Hermannsson's answer: that military action in the neighborhood of our country creates the need for defense. This view that the prime minister holds to is the same one that those who are in favor of our membership in NATO, and of our working together in a defense program with the United States, use constantly as a foundation when they discuss our nation's security needs.

MILITARY

PORTUGAL

NATIONAL SECURITY, DEFENSE SEEN FROM DIFFERENT PERSPECTIVES

Lisbon DIARIO DE NOTICIAS in Portuguese 9, 10, 11 Feb 85

[Article by Air Force Gen Jose Alberto Loureiro dos Santos]

[9 Feb 85 pp 7-8]

[Text] This series of articles was written originally for the REVISTA MILITAR. The subheads have been provided by DIARIO DE NOTICIAS.

1. In an international system perturbed and tormented by the fear of war--the triggering of which would certainly lead us into unpredictable but catastrophic paths--and where the logic of the nation-state predominates--with the result that economic, political, military, and even cultural alliances are valid to the extent that they help protect national interests--there are various perspectives from which to view the usefulness to security of a given political unit which, in theory at least, exercises sovereignty over a definite geographic area.

It seems incontestable to me that from the standpoint of someone assessing that usefulness, the basic issue is that someone's own security, with any concerns for the security of outsiders deriving chiefly (not to say only) from the effects that their security may have on one's own.

Those perspectives lead to opinions as to how the security of the area (country) in question ought to be ensured in practice, and they frequently result in pressures of varying intensity and subtlety on that country's nationals to induce them to adopt the strategic ideas most convenient to the people holding the views in question.

The result is something like an intellectual battle, frequently backed up by vectors of a very material kind (such as economic, financial, military, and other support), aimed at maneuvering the defense concepts of one's partners in the international community in the direction appropriate to one's own interests.

One way of successfully standing up to such onslaughts of intellectual pressure is to try to reveal, on as scientific a basis as possible, a country's usefulness in terms of security to the actors in the international system who may be

able to exercise major influence not only on security in general but even on the security of the country in question.

With that usefulness having been revealed and the fundamental interests of the country having been specifically defined by the national authorities themselves, it becomes easier to trace out the guiding principles for the strategic concept of national defense, which, naturally, must be outlined in terms of the country's own interests, not foreign interests. The satisfaction of foreign interests will need to be considered only when and to the extent that it reinforces defense of the country's own interests or is an indispensable condition for preventing one's own interests from being harmed.

Everything we have said so far seems so obvious that I would not be surprised if at this moment, the one reading these lines felt tempted to put my text aside on the pretext that the obvious is already known and does not require a dissertation. That is true. But it is also certain that not even the obvious is always respected--either because it is not seen or because, although seen, it is maliciously and intentionally ignored because it runs counter to individual or sectoral viewpoints.

And since the obvious in this case is situated within the sphere of national survival--the survival of a centuries-old country and a beloved fatherland that we want to see continue its existence free and strong (free because it is strong and strong because it is free), I am running the risk of discussing something that many will consider obvious.

In doing so, I will try to stress the area of military defense as a component of national defense and one that was accepted by the Portuguese in their basic law when, rejecting the "Icelandization" of Portugal, they chose to maintain their own Armed Forces.

We will attempt to present five perspectives--technical, pragmatic, and as little influenced by ideology as possible--of the military defense of Portugal. Those perspectives are American, Soviet, European, Spanish, and Northwest African. Obviously, we will also present the Portuguese perspective. We will produce a simplified synthesis of those perspectives in an effort to reach major conclusions.

#### U.S. Perspective

2. The U.S. view of the Portuguese strategic triangle is characterized basically by the distinct value assigned by U.S. strategic thinking to the geographic location of each of the three points of that triangle and by the possible alternatives for the functions that each of them presumably will perform.

Given their central location in the North Atlantic, the Azores can be regarded as part of the forward defense of U.S. territory itself--as a base from which control of the ocean can be ensured. They can also be regarded as a fulcrum for transportation from North America to Europe, especially air transportation, and as a trampoline for power projection in Europe and in areas of great interest to the United States. The combination of functions performed by the Azores

in the development of U.S. strategy and their importance make the archipelago an indispensable center for implementation of that strategy, and no alternative is in sight.

Madeira may represent a support base for controlling navigation in the Atlantic, especially at the entrance to the Mediterranean, and a trampoline for the projection of power. In either case, there will be a tendency to accept alternatives that may, however, prove less suitable: the Canary Islands could serve as a support base, and the Iberian Peninsula and Northwest Africa (Morocco) could meet the second requirement.

The Portuguese mainland, in addition to lending itself to activities for controlling navigation and also serving as a trampoline for power projection in a way similar to that of the other two points of the Portuguese triangle, will make overland logistic and operational access possible through the peninsula to the European continent. It is this latter function which may be used most advantageously by the United States (although other peninsular areas, while less suitable, are also possibilities). It is likely that the other functions would be carried out in non-Portuguese areas (Spain and Morocco).

Questions of strategic potential and the stability of relations of political friendship may also favor use of the Portuguese mainland rather than the utilization of Spain and/or Morocco.

Because of their overall value and the importance of each of them considered separately, the Portuguese locations taken as a whole constitute a key area for the credibility of the West's plan of deterrence, since control of the air and sea in the region is indispensable in situations of tension or conflict. For that control of air and sea to be possible, it is indispensable that use of the existing ground facilities in the area not be jeopardized--in other words, completely effective land defense must be guaranteed.

The Americans, who must undoubtedly consider it unlikely that others will replace them in carrying out the air and naval operations that would be necessary in the area (since operations of that type require powerful and sophisticated resources), are then faced with the question of who is to be responsible for the ground defense of those positions. Their defense is vital so that they can serve as the base for air and naval operations. Three possibilities can be considered: ground defense will be the responsibility of the Portuguese, the Americans themselves, or third parties having interests in the area and possessing the resources for assuming such defense.

That last possibility is likely to cause regional conflicts; the second is the one the United States would consider most reliable, but it may cause disagreements with Portugal; and the first would be the desirable solution, provided that Portugal were in a position to take such responsibility.

In any case, it would benefit the United States if the concept of defense of the Portuguese strategic area were based on a dependent political alignment of Portugal with the dominant maritime power. The weakness of its small ally--within certain limits guaranteeing stability in the area--could be advantageous



to the dominant power, since it would ensure the use at low cost of the points of the strategic triangle.

[10 Feb 85 p 10]

[Text] 3. There is a great likelihood that the Soviet view of the Portuguese strategic area coincides with the U.S. view. In other words, the Soviet Union also regards the Portuguese triangle as a strategic objective of the first importance precisely because its use "confers a clear advantage" on the United States.

In those conditions, the Soviet Union will tend to develop strategic action in relation to Portugal that is aimed at preventing use of the "facilities" provided by the latter's territory for air and naval operations that the bloc headed by the United States might carry out. At the very least, the USSR will strive to foster the creation of obstacles to that utilization and try to neutralize Portuguese territory, thus removing the credibility of any possibility of sending reinforcements to Europe rapidly in case of a crisis or war and the ability to project power from the United States to certain areas of major importance.

There appears to be no great likelihood that the Eastern bloc will launch air and naval operations in the Portuguese strategic area to challenge the latter's domination by the West, although it is acknowledged that the Warsaw Pact may attempt to expel the Allied fleets from the Mediterranean and then launch attacks from there and from North African countries (over which it will have gained control in the meantime) on targets located in the Portuguese area. But even in those conditions, the ultimate purpose, basically, will be to deprive the West of its ability to use the land-based facilities, with the result that activity for military purposes will be directed against the territory on a priority basis.

Since it would not be a realistic objective to try to incorporate Portugal into its strategic orbit to prevent, neutralize, or at least hamper the use of Portuguese territory, the USSR's basic strategy will consist of undertaking activities of a political nature (diplomatic and internal) for the purpose of producing neutralist attitudes on Portugal's part (overall or sectoral) and of engaging in indirect activities (agitation, sabotage, and terrorism) and direct activities (raids, selective attacks with small forces to be carried out by Spetsnaz units, bombardments, and so on), the objective being to render Portuguese territory militarily unusable by the United States.

This type of activity--generalized throughout the territory or limited to very specific localities--might or might not be combined with the development of regional tensions intentionally exacerbated through the dynamics of global confrontation.

In the scenario as presented, the interest of the Soviet Union points toward a concept of Portuguese national defense advocating political neutrality and, if that is not feasible, a defense which in itself would contain the maximum number



of contradictions capable of being exploited (as would be the case if Portuguese territory were being defended by foreigners).

#### European Perspective

4. The European view of the strategic triangle (in this context, Europe means the FRG, France, Italy, Belgium, Holland, Norway, and Denmark, since Great Britain may occupy a special position reflecting the importance of its territory as a staging point for the projection of U.S. military power in Europe) follows in general outline the viewpoints we indicated in the case of the United States, although the perspective is different.

While the United States needs the Portuguese area as a transit zone for the projection of its power, Europe needs it in order to receive power (especially from the U.S. mainland) and to control the maritime lines of communication supplying Europe.

For Europe as well, therefore, the main problem presenting itself is that of guaranteeing use by the maritime power of the vertices of the strategic triangle, with the result that Europe is interested in reliable ground defense of Portuguese territory. The Portuguese reinforcements to be received on the front, although of value in themselves, are important chiefly in that they serve as a pledge of fulfillment of the commitments assumed by Portugal--although at another level, they represent for Portugal what U.S. Armed Forces in Europe represent for the United States.

For Europe, therefore, the following would be desirable: ground defense of Portugal should be ensured by the Portuguese, provided that it is effective, since that would free U.S. reinforcements (it would be less profitable to send Portuguese to the front while Americans defended Portugal); forces should be present on the European front to link Portugal to its commitment to allow the U.S. power to use its territory; and air and naval operations in the Portuguese area should be carried out by the one with the capability for doing so--that is, the maritime power.

#### Spanish View

5. The Spanish view of the defense of Portugal is probably no longer based on the dream of Iberian union. With the question of territorial frontiers having been settled, problems between the two neighbors fall within the sphere of issues that may present themselves to two nation-states safeguarding what they consider, at a given historical moment, to be their respective primary interests.

That being the case, Spain probably no longer looks at Portugal as land to be conquered, but as an area to be kept in harmony with its own national objectives (through recourse to every available form of coercion if justified) and prevented from challenging those objectives or serving as a base for incursions harmful to Spain's interests. Portugal's alignment with the world bloc opposed to the group to which Spain belongs, or (even if that did not happen), the mere perception of the existence of an internal political power vacuum that might be shaken by indirect strategies, would constitute threats to Spain.

The absence of capable military resources in the Portuguese area (to act basically as an element of deterrence) may create the "perception of an exposed flank" on Spain's part, and Spain will tend to see Portugal as a vulnerable zone needing to be covered by others--among which Spain would include itself (since that might be in its immediate interest and because it might be requested to do so by the bloc to which it belongs as part of a suitable division of strategic tasks).

Such a situation could arise on land, at sea, or in the air. It would be to the benefit of Spain and the bloc to which it belongs if Portugal were self-sufficient militarily in all three areas or, at the very least, in a position to prevent a military land occupation--the type that would cause the most tension between the two allied countries.

The visualization we are presenting is based on the existence of effective political power in the Spanish State. In situations where there is a lack of political control, armed elements struggling for power in our neighboring state (they might range from armed bands to more or less sizable military groups) will tend to use Portuguese territory as a refuge and a base for their activities in Spain. In such a situation, Portugal must have the military capability to control its own territory in keeping with its own interests.

Basically, therefore, it will be in Spain's interest for Portugal to implement a concept of defense that will avoid a strategic vacuum (that is, a weak point on Spain's flank), but not as part of a political alignment that runs counter to its own national objectives.

[11 Feb 85 p 6]

[Text] 6. From Northwest Africa (Morocco, Algeria, Tunisia, and Libya), the Portuguese area as a unit can be viewed as a possible zone for utilization by the maritime power in carrying out operations harmful to Northwest Africa's interests. The intensity of that perception depends on the influence that the dynamics of East-West tension may have in that area as a whole and in each country separately, and it is related to the process of interweaving alliances within those countries that are aimed at achieving political equilibrium in the Maghreb.

That influence may be such that Northwest Africa will come to constitute a secure base from which the Eastern bloc can launch military operations at various levels against the Portuguese strategic area in the context of a situation of tension or generalized crisis, thus significantly affecting the deterrent capability of the maritime bloc. It is as though the Portuguese strategic triangle were to become the front. That development would gain in credibility with the launching (or threatened launching) of military operations aimed at controlling and closing off the Mediterranean, an objective that appears to be within the capabilities of the continental power, which now possesses formidable naval power for the first time in history.

Even outside that context, the southern point of the Portuguese triangle (the Madeiran archipelago) may be directly affected to the point of becoming a

political-military objective, especially if Morocco decides to claim that the archipelago is really African and if the archipelago is viewed as the base for possible threats to Moroccan territory. While that is not the case at present, it may occur in the event of one or more of the following: conflictual tension with Spain over Ceuta and Melilla (since that would justify action against an ally of Spain in an attempt to produce understanding attitudes); commitments resulting from agreements with one or more of the other Maghreb countries; the appearance of serious internal tensions making it advisable to magnify external problems as a way of achieving unity within the country; or significant changes in the position of the political power in Morocco with respect to the major blocs.

#### Rejection of "Icelandization"

7. Before going on to the dominant features of Portugal's defense from the perspective of a point situated within its territory (rather than Madrid, Washington, Brussels, Moscow, or Rabat), we can acknowledge the basic reasons why the Constituent Assembly chose to retain the Armed Forces as a structural element in the existence of Portugal as a sovereign country.

We have seen that conflicts or situations of serious tension and crisis of a global nature can erupt for reasons beyond our control. We have found that use of the points of the Portuguese triangle is a basic condition for the maritime power's implementation of its strategy and that as a result, that power will do everything possible to guarantee such use while at the same time, the continental power will be trying to deny, limit, or at least disrupt such use.

Guaranteeing utilization of the territory requires the use of armed forces. It is important that those armed forces be Portuguese or at least that Portuguese forces be one component. Accepting the consequences of that fact now--that is, the existence of Portuguese Armed Forces--in the situation of global conflicts means rejecting "Icelandization"--in other words, attempting to preserve a maximum of sovereignty in the national area.

On the other hand, we also found that regional developments to whose occurrence we have little or no possibility of contributing may result in threats to vital Portuguese interests (specifically, threats to its territorial integrity). The only way to resist those threats is with military strength. That resistance may be the mere existence of military strength--properly organized, deterring possible acts of aggression, and preventing attitudes of political blackmail--or it may actually react to aggression and cause our interests to prevail.

As a result, accepting the need to maintain armed forces means--on the regional level, and recognizing the possibility that situations may arise that can only be resolved by military force--defending Portugal's existence as a sovereign state.

Whereas the military resources required in the Portuguese area from the global standpoint--the level at which Portugal would constitute a theater of air and naval operations based on strong points situated on land--far exceed our possibilities and are within the reach only of the superpower heading the maritime

bloc, the fact is that on the regional level, the type and quantity of military resources required are compatible with Portugal's possibilities, keeping in mind the defensive strategy appropriate for Portugal.

With the indispensable need for the existence of armed forces for national defense having been established, the question that now arises is this: what kind of armed forces? The answer: armed forces capable of safeguarding Portugal's vital interests both regionally and globally.

If it is true that for a small country, developments arising from regional dynamics take precedence over those arising from global dynamics, then we have found our first means of approach to a methodology for answering the question of what kind of armed forces are needed. We must determine the minimum military instrument necessary for dealing with possible regional threats, define the indispensable tasks that the Portuguese must perform in the global sphere, and negotiate alliances, based on those presuppositions, for the division of strategic tasks.

8. The Portuguese view of Portugal's defense must be based on the ultimate goal of preserving national independence, and that translates into the following objective: to guarantee, in the face of any external aggression or threat, our freedom of political action in the domestic sphere, including in particular the integrity of our territory and the security and freedom of the inhabitants, and maximum freedom of political action in the external sphere.

The expression found in the Constitution--"against any external aggression or threat"--reflects a strategy of all-around defense as regards both the agent originating the aggression or threat and the manner in which the threat is expressed or the aggression is launched or implemented.

This is understandable, and it necessarily derives from the logic of the international system, whose basic unit continues to be the nation-state.

As a result, the defense of Portugal must have in view any external agent likely to engage in actions reducing Portugal's freedom of political action (both internally and externally). That defense will have to be capable of acting in two modes: it must be able to deter that agent from carrying out his threat or aggression (by engaging in what we can call a peacetime strategy), and it must be able, in its second mode, to take action against that agent if the threat or aggression is carried out or is on the verge of being carried out (by developing what we can describe as a conflict strategy).

On the basis of their own interests, all states (allied or not) may attempt to diminish Portugal's freedom of political action.

A problem of national defense will arise only when, in order to deal with that intention (and its consequent implementation), it is necessary to "brandish" our Armed Forces--covering everything from their simple existence and organization and the arrangements for their use to, naturally, the determination to actually use them.



Viewed from inside, the defense of Portugal requires that priority be assigned to the territory (as is stated, for that matter, in the Constitution itself), since it is within the territory that people live (are born, work, love, struggle, and die)--people whose "security and freedom" (to use the words of the Constitution) national defense must guarantee. The territory in question is that part of the earth's crust over which the Portuguese state exercises complete sovereignty--territory that is home and fatherland and territory whose possession is essential in order to guarantee the carrying out of actions in the surrounding sea and airspace.

It should be noted that possessing the territory is the most important contribution Portugal can make toward neutralizing the greatest threat facing it (from the continental bloc). It participates in the struggle against that threat by supporting the maritime power.

From the same internal viewpoint, priority also goes to Portugal's territorial waters and the lines of communication linking the portions of territory comprising the nation as a whole--this because of the discontinuous nature of the national territory--the purpose being to permit the sending of reinforcements from one portion to another.

#### Inevitable Involvement

Given the geographic location of the Portuguese area, the national territory is going to be involved in the East-West conflict for as long as the latter continues, regardless of Portugal's wishes in the matter. Both blocs will launch operations in the Portuguese strategic triangle: the maritime power in an attempt to ensure its full utilization and the continental power in an attempt to hamper that utilization. Naturally, Portugal's geographic location places it practically in the center of the Atlantic maritime bloc, to which it also belongs, and makes it much more difficult of access for the projection of power by the continental bloc as currently constituted. It will be desirable for Portugal to participate in all the operations with major potential (land, air, and sea) that are carried out by the maritime bloc in the area enveloping the Portuguese triangle.

Being located "in the path of the big powers," Portugal will have to design and implement a defense strategy allowing it to: 1) resist any threats or acts of aggression occurring on the regional level (whether or not related to global East-West dynamics) by deterring them and standing up to them if they become a reality, its purpose being to guarantee, at a minimum, the territory's integrity; 2) participate in the maritime bloc's defense effort so as to guarantee, at a minimum, the territorial positions; and 3) prevent a military power vacuum, which in itself would constitute a threat to regional or global powers (and a consequent temptation to others to fill that vacuum on justified grounds).

Standing in contradistinction, therefore, to foreign views of defense of the Portuguese area is a national view which has many points in common with them but also a few points of disagreement.

Foreign views of the defense of Portugal can be summed up in what we call the "foreign perspective," the dominant features of which are indicated below.

The Portuguese triangle and the surrounding sea constitute: 1) a zone in which a military vacuum would represent a global and regional threat; 2) a zone of approach (by land and/or air) to the Iberian plateau by way of the Portuguese mainland, to Europe by way of the plateau, and to Central Europe and the Middle East through each point of the triangle (there being no alternative to the Azores); 3) a fulcrum transit zone for North-South maritime communications, with Europe and with the Mediterranean; and 4) an area containing a territorial fulcrum for the maritime power's forward defense (the Azores) and a territorial area which, under certain conditions, may be considered a politicomilitary objective by a power based in Northwest Africa (the Madeiran archipelago). The national view of Portugal's defense, which we can call the "internal perspective," is characterized basically by an interest in preserving maximum freedom of political action relative to any external threat or aggression by maintaining, at a minimum, "the integrity of the territory and the security and freedom of the inhabitants" (which, incidentally, is the only purpose stated in the Constitution of the Republic) by guaranteeing, in the final analysis, the existence of the fatherland (as home).

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MILITARY

PORTUGAL

#### DEFENSE SEEN IN TERMS OF NATIONAL GEOSTRATEGIC VALUE

Lisbon DIARIO DE NOTICIAS in Portuguese 13 Feb 85 p 7

[Article by Virgilio de Carvalho]

[Text] Although it must accept limitations resulting from inevitable and desirable situations of interdependence in the fields of economics and security, national sovereignty cannot at the same time stoop to levels offensive to the country's dignity and individuality.

#### Portugal and "Star Wars"

Although the U.S. project known as Star Wars is a step in the inevitable space race between the superpowers, it fits in perfectly with the U.S. school of geostrategic thinking whose greatest exponents included Spykman and Sversky and which also has echoes in Portugal. Spykman, a professor of international relations who died in 1943, maintained that world hegemony would be decided by an indirect dispute in the belt of land peripheral to the territory currently occupied and controlled by the USSR--the "rimland"--which stretches from West Europe to China. He felt that relations between North America and the Atlantic and Pacific coasts of the Eurasian continent would determine world politics. In 1961, Sversky of the Air Force advised transforming the United States into an impregnable base from which to project U.S. activities abroad. Both theses indeed seem to be present in the Star Wars project, which is aimed at establishing a "protective shield" around the United States to protect it from Soviet intercontinental ballistic missiles, as well as in NATO's plans for U.S. military help for Europe and the islands in the Atlantic, in the Rapid Deployment Force and the plan for prepositioning ships on the periphery of the rimland as logistic support, and in the indirect dispute underway between the two superpowers for influence throughout that same rimland.

That being the case, it is a fact that peninsular and insular locations on the periphery of the rimland--such as those occupied by Portugal--are of great geostrategic value within the framework of East-West tension. Their value may be a very important factor with respect to Portugal's negotiating power. But if Portugal does not show itself to be united and strong, not only will it continue to be the European country receiving the least U.S. military aid (half the amount received by Spain)--this even though U.S. leaders regard it as NATO's "vital link"--but also, instead of holding a trump card, it may have

problems with sovereignty. Those problems may arise, for example, if Portugal does not have an autonomous military defense capable of meeting the minimum requirements of collective and national security both in its own territory and in its interterritorial space during peacetime, since those requirements would then tend to be met by others. Its military defense will have to exhibit resources and a determination which, in addition to creating material, political, and psychological risks for potential aggressors, give promise that resistance will continue until the arrival of Allied reinforcements in case of an East-West war. It must also be able to show its presence and exercise surveillance in its interterritorial air and maritime space in peacetime and provide some defense of Allied shipping in the Iberian-Atlantic area during the early days of such a war.

Portuguese military history records the natural possibilities for final resistance in the Lisbon-Arrabida region and on the islands, as happened on Terceira Island from 1580 to 1583. Hence, a pattern of echeloned defense covering the three parcels of national territory and reinforced by the interterritorial mobility of light forces seems to deserve study, and this should be done in such a way as to overcome, where possible, the psychological blocks on the Superior National Defense Council, where the sensitivities of the Portuguese on the islands can make themselves perfectly heard and respected.

#### Fishing Issue Remains

Spain's warning that its warships would escort fishing boats into Portuguese territorial waters was probably no more than a way of giving vent to Spanish feelings. It did recall, however, what has already happened between two other allies over the same issue. In that case, the determination of Iceland--a country much less well armed than Portugal and one whose sovereignty was not even at stake--was enough to make Great Britain--much more powerful than Spain--back down. But the Spanish warning did serve to illustrate how much credibility Portugal's military defense seems to enjoy in the eyes of the Spanish. Such a situation would simply not exist if a few of the existing A-7 aircraft and corvettes were already armed with antiship missiles of the kind with which the Argentines made British naval power tremble in the Falklands. Moreover, missiles on aircraft and ships, in coastal defenses and air and antiaircraft defenses, and on submarines now provide the smaller powers with good possibilities for deterring the bigger powers from practicing their coercive "gunboat politics." Besides being feasible in the short term, the request for such antiship capability is acceptable because it is aimed at the defense of such important assets as sovereignty, external influence, and the exclusive economic zone. It is also apt to be of interest even to the Atlantic Alliance, given the growing ability of the USSR to demonstrate naval strength in Allied waters, as happened just recently in the Norwegian Sea.

Another role of military defense in Portugal is that of guarantor of the most important element in the country's external influence: the geostrategic value of its territory and its interterritorial space. Because of that, and as long as prejudices persist against that defense--thereby presenting a false image of the real determination of the Portuguese to defend themselves--Portugal will find it difficult to make itself heard and respected. And Spain can then

continue to nourish the hope of access to the sea which is Portugal's only open frontier, not only to mask the social drama represented by the excessive size of its fishing industry, but also to capitalize on it by defending it in the name of the West, with resulting serious harm to Portugal's sovereignty and individuality. And it should be noted that the operating range of ships and aircraft makes it possible to control Portuguese air and sea space from Spain--that is, without affecting Portuguese sovereignty on land.

#### Misunderstood Country

This is not the first time there has been talk of nuclear powerplants in Spain to serve Portugal and thus increase our country's dependence on the neighboring territory. Spanish-Portuguese initiatives are natural. But in sensitive areas--economics, energy, military matters, transportation, and so on--it will no doubt be advisable to keep in mind our country's special geography. The fact is that, taken one by one, such initiatives are probably worthwhile and inoffensive. But it will be necessary to consider whether all of them together may not exceed the proper limits and turn mainland Portugal into a geographical appendage of Spain, thus diluting Portugal's Euro-Atlantic situation, which is the basis of its individuality and its freedom of action.

NATO and the EEC may assign Spain a position of leadership on the peninsula and in the Iberian-Atlantic region, but they are also appropriate environments for preserving Portugal's individuality and importance. Bilateral relations and land favor Madrid, while multilateral relations (which the EEC and NATO make possible) and the Atlantic continue to be a "refuge" for Portugal.

No member of the EEC has compromised its sovereignty or individuality in that organization. It would be tragic if we, the Portuguese, were to do so now because we were slow to understand the country we have inherited.

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MILITARY

SWITZERLAND

NUMBER OF OBJECTORS TO CIVIL DEFENSE INCREASING

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 18 Feb 85 p 3

[Article by Peter Amstutz: "Not All Trust in Surviving in a Bunker"]

[Text] Film maker and journalist Alexander J. Seiler (57) of Grueningen had pulled exactly 541 days of military service, eventually as an officer in the Swiss artillery. Yet when he, 2 years after his military discharge, got the yellow civil service "booklet" and the summons for an introductory survival course in the bunker, he wanted nothing of it anymore.

"In view of nuclear war, I think civil defense is deception and self-deception," Seiler stated before the Hinwil district court in Zurich Canton, resolved rather to let himself be convicted as a civil defense objector than endure a few days of training under the yellow helmet. His deposition furthermore stated: "Civil defense amounts to an ideology of protection against atomic war and suggests the possibility of survival. That is not only false but pure madness. So I cannot square a support for civil defense in its prevailing form with my conscience." With 10 days in prison without probation Seiler had to pay for that confession.

In a country which in 1959 had charged the government per plebiscite with setting up a civil protection organization for the eventuality of war or disaster and with writing general conscription for men into the constitution, such a rebuff of the bunker concept meets with widespread bafflement, of course. Through an outlay of 20 centimes per day and citizen, within approximately 25 years circa 5.5 million "high quality, air-conditioned places of protection, with gas filters and resisting at least one bar of air pressure" have been set in concrete, according to the proud balance-sheet of the best public protection worldwide, in Bern.

In addition, there are another roughly 1.8 million places of protection built between 1951 and 1965. Furthermore, Switzerland has more than 400 command posts "from which the population can be directed and cared for," 700 outlets for engineering and fire protection information with operational materials stored there, 80,000 protected depots in thousands of subterranean medical facilities.

All this comes to some 80 percent of the civil defense sought for the overall defense of the neutral country and encourages the belief "that a nuclear war is feasible and survivable, for which reason it becomes more likely," as stubborn opponents of civil defense are wont to criticize that defense concept.

"Through the civil defense concept Switzerland has already officially reconciled itself to the next war," seventeen young conscripts in Bern demonstrated recently, carrying banners with the slogan "Zivilschutz--Nichtsnutz" [Civil Defense--Useless Defense] and announcing publicly they would no longer attend any courses of instruction.

In Zurich, 38 conscripts set their "service booklet" in a concrete slab which they then plunged into the Sihl, wanting that to be understood as the "biggest objection to civil defense in Swiss history." In view of the officially recorded total of 500,000 civil defenders between 20 and 60 years of age, of whom 272,000 go through their several days of training each year, the 139 objectors to civil defense convicted as such last year are negligible.

That phenomenon concerns the government all the same. "The number of objectors to civil defense unfortunately is growing year after year," the Christian Democratic National Counsel Beda Humbel warned the government on 22 June last year. And from Basel, Bern got the following balance-sheet from the civil defense boss in the canton: "More and more conscripts no longer believe in the utility of civil defense and are convinced they are acting properly in their refusal and thereby serve the peace movement." Someone who comes to that conclusion and no longer shows up for practice has to expect, according to the canton in which he resides, penalties up to 200 Swiss francs and up to 75 days in jail. No uniform measure for it exists.

"Objectors with several cases of recidivism," according to instructions from Bern, "are to be dismissed from civil defense on grounds of inability, even perhaps of unworthiness or through a medical attestation." The point is that for the overwhelming majority of the citizens what unarguably matters is that norm of conduct which the former "top Swiss" Old National Council President Hanspeter Fischer of Thurgau Canton summarized as follows: "For a Swiss who truly deserves that name, there can be, it seems to me, no problem at all about civil service."

That problems exist, however, was brought out by an opinion poll commissioned by the Federal Civil Defense Office: 15 percent of citizens questioned thought civil defense had "become meaningless because of the new weapons," 16 percent thought one could "do without it" without any loss.

When the Federal Council, the government, was recently asked by the extreme leftist people's representative Barbara Gurtner of Bern whether there should not be set up, because of the foreseeable increase in cases of objection to civil defense, "some civil substitute service outside defense at large," the answer she got was a brusque "out of the question." The government furthermore said: "The considerations relating to civil defense objection are not understandable to the Federal Council. It can, may and must be expected of a citizen that he is prepared to do service to the community in extraordinary situations."

Dodging it with impunity works only, if at all, for army officers. All they have to do is request an extension of their military service beyond the age of 55, and then there is no civil defense summons. To stop the civil defense evasion by the military, Bern has promotional materials disseminated "to take down the psychological barrier in going from military service into civil defense and show that such an assignment is a continuation of the citizens' services to the national community."

Success has been so meager, however, that Hans Mumenthaler, director of the Federal Civil Defense Office, recently appealed to all officers of a division saying it would be "proper and important for at least those officers who no longer exercise functions in the army commensurate with their skill and training to make themselves available to civil defense at 50 years of age."

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ECONOMIC

FINLAND

# PAPER SEES LACK OF ATTENTION GIVEN TO COMPETITIVENESS DECLINE

Helsinki UUSI SUOMI in Finnish 18 Feb 85 p 2

[Editorial: "Key Word Still Competitiveness"]

[Text] This year's economic policy was outlined in some detail last week. At that time, the government's guidelines for preparation of the budget and the growth estimate of the Finance Ministry's national economy section were published--or after the autumn budget book the most thorough presentation of starting points for economic policy measures.

The documents did not contain anything sensational; but after all, the economic policy of recent years has generally been pretty dull. This is not negative as such: there is no reason to long for the nights of black cars linked to devaluations or the large-scale industrialization packages of bygone years when projects worth billions of marks were thrown around the country in the hope of accumulating political points.

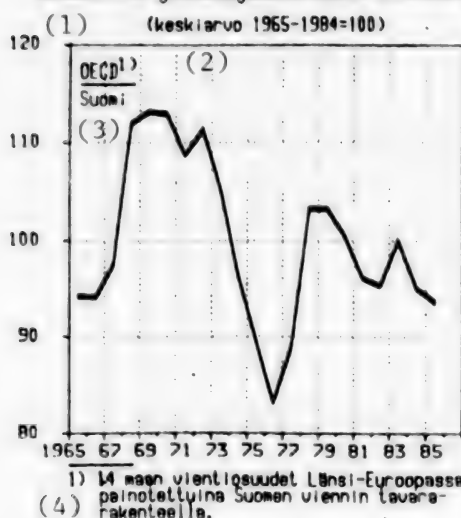
The end of the 1970s has more positive memories of promising economic policy. Demonstrations like the Korpilampi conference were needed then, but there were also a lot of concrete things in the incentive packages, even though second-rate merchandise was amassed in order to improve the appearance.

A period of at least slight decline lies ahead, but there are no possibilities now for very promising incentive packages if we want to keep the state from going deeper into debt and keep taxation from becoming more burdensome than before. The possibility of contracting more debts continues, but it should not be treated lightly. With respect to taxes, the promises of the government program have clearly been broken; taxation has become more burdensome, and Finance Ministry statements about its temporary nature cannot, regretfully, be taken at face value.

But if there really are no opportunities for very promising operations, those means to which we can resort must be employed more purposefully. In finance policy this means, among other things, putting an end to the boomlike burdens on companies and freeing their reserves for use. In monetary policy, a gradual lowering of interest rates is promised--obviously, to be sure, quite slowly.

Above all, however, the connection must be seen between economic growth and slowing down inflation. Price competitiveness continues to be the key factor in economic policy. Maybe we have not adequately perceived how well Sweden's

TEOLLISUUDEN HINTAKILPAILUKYKY LÄNSIMARKKINOILLA  
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While we have been admiring the many achievements of economic policy--including the reduction in inflation figures--not enough attention has been paid to the descending tendency of this curve. Price competitiveness is just as low as it was before the devaluation of 1967.

Key:

- (1) Industry's price competitiveness on Western markets measured in relative unit labor cost
- (2) Average value
- (3) Finland
- (4) Fourteen countries' export shares in Western Europe stressed on the commodity structure of Finland's exports

economy recovered after the devaluations of 1981 restored the country's competitiveness. At that time we did not set out on the road of competing devaluations, but it would be more important to protect competitiveness with domestic measures.

In this regard, more serious attention should be focused on the weakening of our price competitiveness by some 5 percent last year as well. The Finance Ministry survey predicts the same development will continue, although the inflation rate would decrease 5.5 percent from December to December.

The government has acted correctly in this situation by placing the inflation goal at 4 percent. How successfully this is obtained depends on the government's ability. There is no room, of course, for slackness in revenue policy, but the significance of tax pressure as an inflation factor must also be remembered.

By measuring the growth of the national product and several other factors, this year will become the twin of last year, according to the Finance Ministry. It is not a question of an identical pair, however. Exports to the West become a weaker

growth factor; on the other hand, exports to the East will be given more prominence after a few quiet years. Above all, however, realization of the rather hopeful growth estimate depends on how investments get off the ground.

People have been badly disappointed so far in the investments' takeoff. The Finance Ministry is now pointing, above everything else, to the plans of the state enterprises. Acting in this way, the economic policy leadership certainly knows what it is talking about. There are solid grounds, however, for worrying about the feebleness of the private companies' investments. Without underrating the state enterprises, it must be stated that the most essential dynamics of growth have been and should be in private companies.

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ECONOMIC

FINLAND

# IRAN SEEKS TO REVIVE TRADE, DEMANDS IMPORTS PAID BY OIL SALES

Helsinki HELSINGIN SANOMAT in Finnish 28 Feb 85 p 31

[Article by Jussi Vuotila: "Iran Wants to Pay for Its Imports with Oil"]

[Text] Finland's exports to Iran have virtually come to a halt. Exports comprised primarily of forest and metal industry products became nonexistent at the end of last year when its vanishing foreign currency reserves forced Iran to radically limit less important imports.

In order to ensure foreign imports, Iran is now demanding that imports be paid with oil instead of foreign currency. Iran initiated these so-called counter-purchase negotiations with certain importers several years ago already, but the principle of counterpurchases was not adopted as a full-scale premise of foreign trade until the end of last year.

The new rules of the game were spelled out to the Finns at the beginning of this week. The individual bringing this new information was Iran's Deputy Foreign Minister Kazempur Ardabili, who has been on an extensive negotiating trip. Ardabili's message to the Finns was unambiguous: if you want to import to Iran, you must also buy from Iran and if Neste does not buy oil, Finland's exports can dry up completely. This trade must, for the most part, be balanced, argued Ardabili.

## Annual Production of Paper-Making Machine

Thus Finnish exporters have already obtained a foretaste of what must be if oil imports are not put into motion. Exports of Finland's forest industry products to Iran have traditionally been quite significant. At its greatest these exports amounted to about 100,000 tons annually. After the Islamic revolution exports dropped to 50,000--70,000 tons.

Iran's exports in principle correspond to the annual production of one medium size paper or cardboard producing machine, stated Managing Director Jarl Kohler of Finnboard, Finland's Cardboard Producing Association. Kohler is conducting negotiations with representatives of Iran and Neste on counterpurchases on behalf of forest industry exporters .

Counterpurchase agreements are poorly received in Western countries because of international free trade agreements and complicated arrangements. As far as Finland is concerned, difficulties are also caused by the fact that here there are no so-called trading houses which are specialized in special arrangements such as counterpurchases. Kohler, however, seriously believes that the Finns will be able to agree on new trading arrangements since others have been able to do the same.

#### Iranian Oil "Too Expensive"

The task is, however, extremely difficult. The crux of the problem is the current "overpricing" of Iranian oil. If the price can be made "competitive", Neste is prepared to purchase even significant quantities of Iranian oil, assures Neste. Also according to Kohler, Neste has adopted a positive attitude toward the matter in preliminary negotiations.

In negotiating with the Finns Ardabili promised Finnish exporters export markets rising to even more than a billion markkaa as long as counterpurchases can be arranged. Kohler, however, moderates these expectations by stating that billion-markka transactions will not come about at the turn of a hand, but in line with counterpurchases over a long period of time. Neste is not, however, being pressured, assures Kohler even though Neste's negotiators are being quite watchful.

Iran's share of oil imports in Finland's total oil imports is currently quite small. Last year Neste purchased only 360,000 tons of oil from Iran, less than 4 percent of total oil imports. In fact, Neste does not necessarily need any Iranian oil at all. This year no Iranian oil has so far been imported to Finland, and no agreements have even been concluded on any new deliveries.

#### Finland Exported More Than It Imported

However, the role of oil in trade between Finland and Iran is decisive since more than 97 percent of Iran's exports to Finland is comprised of oil. Trade between the countries has traditionally showed a deficit for Finland, but last year reduced oil imports turned this trade into a surplus for Finland: Finland's exports were 458 million and imports were 341 million markkaa.

Iran's oil pricing difficulties are, above all, the result of the Iran-Iraq border war, which has raged for four and a half years at the tip of the Persian Gulf. Last year Iran's and mostly Iraq's fighter planes fired on approximately 75 civilian ships, of which 46 were oil tankers, in the Persian Gulf.

The ruling powers in Teheran have priced their oil so that it is 8 percent more expensive than in Rotterdam's free spot-markets including war insurance for ships. There is a significant gap between the price demanded by Teheran and Neste's "competitive" price, a matter that is now being negotiated. In principle there are two alternatives: Iran will either lower the price or the exporters will pay the so-called remaining difference.

The exporters have adopted a very reluctant attitude toward paying the difference already for the reason that "selling prices have been negotiated downward". Kohler does not, however, completely reject some type of compensation for the difference, but everything will depend on the result of the negotiations between Neste's and Iran's representatives.

Ardabili thought that Neste's delegation will go to Teheran in a couple weeks already. At Neste this assessment is considered to be optimistic since the negotiations between Neste and the Finnish exporters are still in progress.

#### Volvo Made "Counterpurchases"

The negotiators of the Islamic Republic have turned out to be rather tough negotiators. The Iranians' willingness to compromise in Helsinki will most likely be increased somewhat by the fact that Finland is a neutral country and is, therefore, an easier trading partner. In addition, Finland has been Iran's most important supplier with respect to many forest industry products. Finland's exports also have the advantage that goods can be sent safely by rail to Iran instead of the precarious sea lanes.

Deputy Foreign Minister Ardabili came to Finland from Sweden where it was announced during his visit that a sister corporation of Volvo will purchase 1.75 billion markkaa worth of Iranian oil. Volvo, however, flatly denies any suggestion that it is a question of a counterpurchase agreement. Volvo has two truck and auto plants in Iran and it sells approximately 3,000 trucks and 2,000 outboard motors annually to Iran. According to Volvo, an agreement was reached on the oil purchase since the price was suitable.

Iran's negotiations with the British have not been as trouble-free as its negotiations with Volvo since the negotiations with the representatives of Talbot, among others, have been at a standstill for 8 months already. The most far-reaching negotiations from Iran's point of view are being conducted with the West Germans and the Japanese, who are Iran's most important trading partners.

10576

CSO: 3617/86



ECONOMIC

GREECE

# OFFICIAL SEES NO NEED FOR NEW ECONOMIC MEASURES

Athens I KATHIMERINI in Greek 22 Mar 85 p 9

[Text] The Greek economy is developing in accordance with the government program and the first data reveal that the targets which have been set for 1985 will be realized. This was maintained on 21 March by the minister of national economy and finance, Ger. Arsenis, who presented to Greek and foreign journalists developments in the economy in 1984 and prospects for this year. The national economy, he said, is on the course which has been charted, which means that no new measures are required because the ones already taken are sufficient to support the 1985 economic program.

Specifically, the minister noted the following:

1. The Gross National Product will increase 2.5 percent in 1985, the same as in 1984, which means the economy's recovery is continuing.
2. Investments in 1984 fell 1 to 1.5 percent, mainly because of the drop in private building activity. Prospects for 1985 are favorable because the government's recent measures are creating the hope that investments in buildings will increase. According to official forecasts, we will have an increase in investments in 1985 because public investments will rise six to seven percent, while the rate for private investments will be positive.
3. The target of 16 percent as concerns the increase in prices for 1985 is feasible (in 1984 the increase was 18.4 percent) said Arsenis, who added that if international monetary conditions (rise of the dollar, etc.) cause some deviation, the government will intervene with corrective measures.
4. The deficit in the balance on current accounts, which was 2,182 million dollars in 1984, will fall to 1,700 million dollars in 1985. This is in accordance with the provisions of the Five-Year Program which has targeted decreasing the deficit, as a percentage of the GNP, from 6.4 percent in 1981 to 3.5 percent in 1987.

At this point Arsenis said that the country's foreign debt is progressing at normal levels and that, as the recent Bank of Greece loan showed, the country's credit standing is satisfactory.

Data from the Ministry of National Economy's Report, which Arsenis publicized, also reveal the following:

1. Wages and salaries increased in 1984 23 percent at current prices, whereas in 1985 they will increase 20 percent, with 16-percent inflation. The share of wage-earners in the non-agricultural GNP rose to 48 percent in 1984, versus 43.3 percent in 1981.
2. The number of unemployed throughout the country is estimated to be approximately 300,000, or eight percent of the active population.
3. The number of employed wage-earners was 1,604,300 in 1984, versus 1,569,300 in 1983; that is, there was a 2.2-percent increase.

#### Conclusions

The ministry's report ends with the following conclusions:

In 1984, the economy entered the stage of recovery and almost identical tendencies are expected to prevail in 1985. However, the basic structural problems, such as deficits in the public sector and the deficit in the balance on current accounts, will continue to impede the rate of development from accelerating. The forecasts for the development of invisible resources are not favorable, at least for the near future, while, conversely, expenditures for servicing the foreign debt are expected to continue their tendency to increase. Thus, the country will probably need to adjust its standard of living to its real productive capabilities, which will increase with the restructuring of the national expenditure to the benefit of investments.

The minister of national economy, who was asked to comment on this conclusion, said that in order for there to be development, an accumulation of capital is required, which happens when savings are increased at the expense of consumption. But this means a decrease in consumption as a percentage of the GNP, not an absolute magnitude; that is, that per capita consumption can increase from year to year, but at a smaller rate than that of the GNP, and thus a restructuring occurs in the distribution of income in favor of investments.

9247

CSO: 3521/221

ECONOMIC

NETHERLANDS

DUISENBERG ON ECONOMIZING, EMPLOYMENT, INVESTMENTS

Amsterdam DE TIJD in Dutch 21 Dec 84 pp 34-39

[Interview with W.F. Duisenberg by Frenk van der Linden: "A Progressive Person in the Financial Arena is Extremely Dangerous"; date and place not specified.]

[Text] "I definitely do not always sing in harmony with the government." W.F. Duisenberg is still a Labor Party member, but if the head of the Netherlands central bank lectures the government, it is because it is not economizing enough. Still, the minimum wage should not be lowered. It was a conversation full of variety: "I don't mean that I am controlled by reason alone, it's just that emotions have so little opportunity to express themselves that that's the way it appears."

Some interviewees immediately put the reporter in his place. W. F. (Wim) Duisenberg, for example. Right after we met, he did it both literally and figuratively. "Sit down." In the same breath: "I won't answer all of the questions on your list by any means. There are subjects on it that I'm not concerned with. There are subjects on it that I must remain silent about. And there are subjects on it that I prefer to remain silent about."

In fact, there sometimes was a somewhat direct rejection of a question ("You are touching on the coalition agreement. I'm not involved in the coalition agreement. I'm not in the government") in an even tone (the president of the Netherlands Bank is in the habit of having himself completely under control), but more often he straightforwardly expressed an opinion on an issue about which he at first had appeared to intend to remain silent. And when I left, it turned out that we had talked twice as long as had originally been agreed. To quote him: "You were lucky."

He is the spiritual father of the austerity policy. While he allowed government expenditures to soar to unknown heights in '74 and '75 as the minister of finance in Den Uyl's cabinet, when it became clear that economic growth lagged behind, he came up with his (in)famous operation one-percent: from then on, the annual increase in collective expenditures was not to exceed one percent of the national product. From that moment on he was an outcast in

the Labor Party. Han Lammers once remarked that Duisenberg is filled with "a kind of canine loyalty toward the party", but that he does not permit himself to be dissuaded from a standpoint by slogans. In fact, as if he had not been affected at all by leftist scorn, shortly after his one-percent action he presented his own alternative election platform, Doorgaan '77 [Carry On '77]. He considered the official Labor Party program to be too detailed, too expensive and, therefore, unfeasible. In the party magazine ROOS IN DE VUIST [Rose in the Fist], former state secretary Egas angrily declared Duisenberg's essay to be vague and leaning toward fascist methods, the product of "someone who favors the industrial-capitalist power structure and western big business". Such claims were crude, but still are essentially the conviction of large portions of the Labor Party concerning the man who was hailed as the monetary prodigy, grew into the crown prince, partially thanks to his Kennedy-like charisma, but ultimately was seen by many as a shame to the honor of the socialists. If the Liberal Party [VVD] embraces a member of the Labor Party, he simply must be worthless. Pavlov is turning over in his grave.

Well, you definitely do not get the impression that Duisenberg is doing his best to keep peace with the left. When, like recently, the trade unions organize an action week, he sometimes makes statements that are directly at odds with the slogans being shouted by the rank and file. And we had not talked for five minutes when the bank president made it clear the the FNV's [federation of Dutch trade unions] demands in regard to contract negotiations with employers are in his opinion not realistic.

According to the FNV, there is a "wage margin" of 3 percent in 1985: the price compensation of 1.5 percent, plus the increase in productivity, likewise 1.5 percent. The union federation hopes to maintain employees' buying power constant and wishes to use the remaining "wage margin" in 1986 in order to bring about the 36-hour work week. In addition, the FNV wants to use the 0.9 percent tax relief planned for employers next year in order to partially maintain current levels of social insurance; this would be achieved by agreements on higher payments supplementary to benefits which are to be decreased starting 1 January.

Duisenberg: "I am only familiar with the expectation that next's year's wages will increase by roughly one-half percent and inflation by about a percent and a half. Those are factors which should help the Netherlands to strengthen its competitiveness in the international marketplace. Therefore I do hope that these expectations will be more or less accurate."

[Question] But what if the employers agree to the demands in whole or in part?

[Answer] "If wages rise more rapidly than productivity, then we will have high inflation rates again here in the Netherlands. Then we will lose part of the recovery that we have achieved in recent years. That would be a step backwards. It would then be likely that recovery of employment would at least slow down. That would be unfortunate, because unemployment has just started to drop a bit, sales are on the rise, investments are more active. But, well, parties always formulate so many standpoints for negotiations... just let them start talking, then we'll see."

[Question] Don't you find it understandable that employees now want to share in the relatively good profits that are being made in some areas of the economy, after so many years of austerity?

[Answer] But they are sharing in the profits! Employment is on the increase. Isn't that what the unions have always wanted? The labor movement also wants shorter working hours, but everything must be paid for by the increase in productivity: both the recovery of profitability of business and the improvement of the position of the worker. And unfortunately there is only a single increase in productivity of which everybody wants a share.

[Question] Van Aardenne stated in DE TIJD: "Of course, it is theoretically possible for wage increases to come in the sectors that are flourishing, while there is no raise in the industries that aren't doing so well. But in practice, that is not the way things work: in practice, when wage demands are met in one sector, the effect spreads. That can be disastrous for the less solid sectors."

[Answer] "If wage increases in flourishing industries could be isolated, I wouldn't worry about them. But the fact is we live in a small country, one where what happens in Rotterdam has consequences in Amsterdam and Groningen. We have seen it happen before: a wage explosion in one sector rapidly affects the rest. That would be fatal for our economic recovery."

That approximately outlines the framework of Duisenberg's thinking. I say "approximately", since it would overly simplify matters to see him as the watchdog at the cashier's window, who sits around, wagging his tail and watching the employment problems with disinterest. Thus, the president of the Netherlands central bank launched an idea last spring that boils down to this: replace the tax cuts for business, and possibly the WIR [law establishing investment fund] fund (billions in investment subsidies) with a decrease in the social premiums which employers are now paying for employees. That would make human labor cheaper relative to machinery.

[Question] In that context, Van Aardenne said: 'That essentially is a government subsidy of employment. That is unsound and impure, a forced attempt to maintain jobs which someday we'll have to pay for.' Does that line of reasoning convince you?

[Answer] "No." In a slightly triumphant tone: "It is true that several members of the government have stated that they don't support my ideas, but you see that that is exactly what the government wound up doing. The source of the the tax break for business was about two-thirds due to decreases in employer contributions to social programs. Great, great!"

Don't Touch the WIR-Funds

[Question] But that's not what happened to the WIR money.



[Answer] "I think this would be the wrong time to touch the WIR funds. Point one: that program has not been in place very long yet. Point two: businesses have counted on the subsidies in their planning. You can't just change such an arrangement like that. But in the long run, we could plan to shift the stress from WIR funds toward making labor cheaper. I can't tell how long a period that would be."

[Question] That was the next question.

[Answer] "I realize that. You always want to know whether it is this year, next year or perhaps the year after that. I understand. But still..."

[Question] The WIR funds seem to be flying every which way. Wouldn't you prefer a WIR fund which would be overseen by an investment council, composed of people who can be strict and who would select good investment projects, for example ones that would increase employment? That would direct the stimulation of the economy, rather than turning the money over to business without further control.

[Answer] "I'm not opposed to sending the money every which way, as you put it, as long as it contributes to bring about investment. Who am I, who are you, who is any board to decide where the funds should go? That's a very difficult thing to do from a centralized point. In order to make decisions about investments, you have to be a businessman in a given market, and even then you have to know all there is to know about that market."

[Question] But surely you must see the funds being used for things that make you wonder whether it serves the purpose for which it was intended?

[Answer] "Yes, that happens. That is the price you pay for a generalized program. WIR funds are even disappearing abroad, for instance."

[Question] Can't you imagine a program that would make such a thing impossible? There are enormous sums involved.

[Answer] "Let me remind you that I do have a right to speak on this issue, because there were two ministers responsible for introducing the WIR: the former duo Lubbers and Duisenberg."

[Question] That's quite a duo, as far as view of policy is concerned.

[Answer] "We have totally different functions: I'm the president, and he's only the prime minister," he slaloms wittily around the dig. "I said: I do have a right to speak on this issue. Back then we introduced the WIR, and at the same time we did away with two other measures to stimulate investments: the investment deduction and the so-called accelerated deduction system. Well, I think it is worth considering reintroducing the latter to replace part of the WIR. It probably was not such a good idea to eliminate that."



## An Agreement with Den Uyl

In retrospect he sees another mistake of Den Uyl's cabinet; "I think that our overall policy was good, but there is one thing would should not have done. In '74 or '75 we greatly increased the minimum wage for minors. At the time it seemed such a socially just thing to do, but I now think that at has kept many minors from finding a job. That's why I now think that it was a mistake."

Willem Duisenberg, a Frisian by birth (1935, Heerenveen) landed in the government at age 37. He is not from a socialist backgorund; his parents are not very interested in politics. Their son chose the science and mathmatics track at the academic high school [gymnasium], and then he studied economics. His dissertation: "Economic Consequences of Disarmament."

Duisenberg, who joined the Labor Party in '59 (when the De Quay cabinet was formed), went in the mid-sixties to Washington to the International Monetary Fund, where he became a staff member. At the end of '69 he returned to the Netherlands.

For a year he served as advisor to the special affairs department of the Netherlands central bank, and then was named professor in macro-economics at the University of Amsterdam. Even though some fellow party members suspected him of sympathy for the DS'70, he joined Den Uyl's cabinet in '73. As said above, his "rightist" opinions were not well received in his own circles. During the formation of the cabinet in '77, he came into conflict with the party chairman: he couldn't accept the fact that Duisenberg supported a controlled rather than a voluntary wage increase. At the time there were other things that Den Uyl couldn't take, so that Van Agt and Wiegel were able to reach a coalition agreement after a pleasant chat in Le Bistroquet.

The man who meanwhile had been acclaimed by the American newsweekly TIME as one of the 150 new world leaders came to a mutual agreement with Den Uyl: he did not have to stay in the lower house of parliament too long. Duisenberg therefore did not expect any feedback when in the summer of '78 he announced that he had joined the executive staff of the Rabo Bank. That was a miscalculation. His rapid departure from parliament was vehemently denounced.

And furthermore, according to critics in both press and party, isn't his defection to the bulwark of power of the christian parties treason? Weren't leaders in that bank key figures in the premature departure of Den Uyl's cabinet? Didn't they influenced the CDA faction so that it toppled the government? Everyone knows: Duisenberg talks with the left, but acts with the right.

His defense: if the Labor Party always is complaining that the Christian Democrats run the social institutions, why blame him for trying to counter-balance them?

He reveals his agreement with Den Uyl and declares: "I don't intend to sit around in a waiting room... I would rather be controlled than do the controlling myself... Den Uyl once said: 'In the lower house, you spend most of your day moving air around.' And that's the way it is."

[Question] "We discussed making labor cheaper, which is one of your pet goals. The way to do that, according to the NCW [Netherlands Christian Employers Organization], is to lower the minimum wage; the government is considering the possibility too. The NCW is hoping for a good 15 to 30 percent. They claim that the level of the minimum wage is one of the most important causes of the minimal growth in employment."

[Answer] "That is probably true, although I'm not an expert on that. The minimum wage is quite high. And because of the indexing system (the benefits of about 2.5 million people are indexed to the minimum wage-- ed.), that has repercussions throughout our entire economy. That makes our social system quite expensive. But to assume that that leads to only one conclusion --things have to go down--I'm still a long way from that point." (There was no response to another question about what should be done instead to lower the costs of labor.)

"One option I would like to explore is allowing the mean wage to rise while keeping the minimum wage constant. The distance between the two is so small now."

One advantage would be that the benefits would not be part of the discussion. Half a year ago Duisenberg said that the minimum benefits could be decreased --if it becomes necessary.

Does he think that we will have reached our goal of reducing benefits when the legislation to be implemented in January and the steps toward reforms of our social welfare programs are in place?

The bank president: "I truly hope that we will then have reached a level that we can maintain for decades. But that does presuppose the necessary growth in our economy. It is terribly complex to try to capture that condition in figures, but in general terms, we'll have to sustain a growth rate of two and a half to three percent over a long period. If things keep up the way they are now, it is quite possible."

In a recent speech in the upper house, premier Lubbers appears to have taken a stance against a new round of general spending reductions. The CDA caucus has made it known that it will not accept any large cuts in social welfare next year.

But that caucus has been known to say all kinds of things. Furthermore, minister De Koning (social affairs), who has turned out to be the real hardliner in this cabinet, has already stated to the NRC HANDELBLAD that across the board cuts in social benefits are unavoidable if economic growth is below three to four percent.

[Question] De Koning appears to figure a bit differently from you.

[Answer] "Then you should go to De Koning. I said what I think is feasible."

[Question] You eat lunch with the minister of finance each week.

Duisenberg permits himself a grinning comment about Ruding: "It sometimes doesn't work out. Nowadays he often has to appear in the Lower House, you see. Then we make another appointment."

[Question] Have you discussed his evasive answers with him?

[Answer] Back in form: "We meet together as the two monetary authorities in the Netherlands. We haven't discussed his statements, that's not the purpose of our discussions. My relation to the minister is a monetary one--and there has not really been a monetary issue evaded."

[Question] Through your contact with Ruding you probably know about the calculations of the officials from the ministry of finances: if the government intends to implement its original proposals before the next elections, then we will have to reduce expenditures by another 15 billion guilders in 1986, which is seven billion more than foreseen in the coalition agreement. The causes are some economic disappointments and delays in economizing.

[Answer] "I'm not familiar with those figures, so I have no opinion on them."

[Question] Do they seem plausible to you?

[Answer] "Yes, you see, they had planned to make structural changes which would reduce the budget deficit to seven and a half percent in 1986. Well, the deficit is now at about nine and a half percent, mind you, partially due to an economic recovery. If you try to take off another percent or so, then you do wind up at the kind of figures you mentioned. That's why I say: government, if you keep it up the way you are doing things now, then you'll have to change your stance for years to come."

#### Not Always in Harmony with Government

"I definitely do not always sing in harmony with the government," Duisenberg later says with conviction. "The changes in course that have been made thus far have been very extensive, but they were cancelled out for the most part by intensification of certain policies in other areas. In addition, there were excesses that were allowed to continue, so to speak. The bottom line is that the government did not achieve what it set out to do. Moreover, the government has deviated to a certain extent from its goal of keeping tax levels constant while decreasing the deficit. In reality it has achieved just the opposite: it has reduced taxes while maintaining a constant level of deficit."

[Question] By continually harping about the deficit, you seem to be even holier than pope Lubbers, who is keeping a watchful eye on it, but...

[Answer] "I really don't know if I'm being so holy in that regard. I would be thrilled if this cabinet or one of its successors were able to reduce the deficit to the level that Den Uyl's cabinet left: four percent."

[Question] ...after all, you said that he might even be more progressive than you are.

[Answer] "Did I say that? What an accurate prediction!"

[Question] What I really was getting at: are there any other dangerous aspects of the government's policy?

[Answer] "It is not yet a matter for acute concern, but I have seen the money supply in the Netherlands growing faster than our national product. That has a potential for danger: inflation. International confidence in the guilder--and thus economic recovery here--is necessary to ward off that danger."

[Question] You have no new economic message. As a professor, you said that you could explain what others had thought up, but that you were not someone to do pioneering research.

[Answer] "I know my limitations."

[Question] But isn't that also your weakness in politics? You don't appear to be able to look for creative new ways out of the crisis, you're following the well-known pattern of chopping, cutting and pruning.

[Answer] "The fact that it is a well-known pattern doesn't make it any less effective." With a bit of disapproval: "Pioneering solutions to the crisis --I don't believe in them. Aside from me: no one can think up such solutions. We've got to do it this way, however troublesome it is."

[Question] But isn't that one of the characteristics of someone on the left: a person who tenaciously looks for new openings, even against his own better judgment?

[Answer] "I don't think so. I don't think so. Certainly not in finances. A progressive person is extremely dangerous in the financial arena. At least, that's often the case." The president of the Netherlands central bank incidentally finds it "incredibly irritating to be identified in his function with a political party time and time again."

[Question] Still, I would like to ask one question related to your membership in the Labor Party. Do you disagree with others in your party on the practical implementation of political beliefs, or do you--unlike them--no longer subscribe to the fundamental principles of socialism?

[Answer] "I don't know what you mean by the 'fundamental principles.'"

[Question] Take for instance the rejection of a capitalist society that you find in Labor Party writings.

[Answer] "That's not in any Labor Party writings I'm aware of. We have a mixed economy in the west, even the Labor Party takes that as a point of departure."

(A glance at the Labor Party platform however shows that the party is striving for a "new economic order" and that it even rejects the mixed economy.)

#### Making the Poor Richer

[Question] Then here is a concrete question: in the society that you think we should be working towards, is there room for people who bathe in the luxury that you bathe in?

[Answer] "Your question isn't concrete, it's insinuating. I don't bathe in luxury, I bathe in water. Yes, there should be a place for the wealthy. You see, if you say that there is no place for them, then the logical consequence would be that the highest income tax bracket should be one hundred percent. Well, that's impossible. And something else, something I learned from Irene Vorrink: I think it's a total waste of time to put your efforts into making the rich poorer; I want to make the poor richer." (Asked at another point in the interview whether he thinks it justified that his salary is so high, he answers: "Yes, I think it's fine. It's nowhere near what a private bank would pay, so...")

[Question] Joop van Tijn of VRIJ NEDERLAND said that you had tainted politics "by using it as a stepping stone to wealth"; he finds that "more or less criminal". Your rapid departure from the lower house in the direction of the five hundred thousand guilders that the Rabo bank offered you was something that he considered despicable. Isn't there something behind that?

[Answer] "I thought those remarks hit below the belt. A lot of people on the left think that money is dirty. There's not much to say about that. As far as leaving The Hague is concerned: I don't think that accepting a political office obligates you to dedicate the rest of your life to politics. When I had just been made a minister, Aantjes said something like that to me. I answered that I didn't choose politics, it chose me, and that I didn't necessarily want to stay in politics for very long. He then got very angry, 'because politics is a calling'. I don't see politics as a calling. He didn't like that, but that's the way I think."

[Question] In other words, we'll never see you again with Gerard Cox on the Labor Party bandwagon?

[Answer] "Out campaigning--well, I guess that's something you'll never see me do again, even though I think it's a pity not to appear on the same bandwagon



as Gerard Cox, because I really enjoyed that. But the Netherlands central bank needs a president, so you'd better leave me where I am. I have absolutely no political ambitions anymore."

[Question] And even if the Labor Party were to make a fervent appeal to you to follow in Den Uyl's footsteps and guaranteed you its one-hundred-percent support?

[Answer] "Beside the fact that such a guarantee would never come, which makes your question hypothetical: no, absolutely not."

#### Bad Experiences

[Question] At the moment we lack a specific policy for creating employment. In that matter the cabinet has not yet even formulated tasks and goals.

[Answer] Shrugging it off: "As a minister, I've grown a bit wiser through bad experiences. A formulation of tasks and goals doesn't mean very much unless it is accompanied by the machinery and finances to implement them."

[Question] But why isn't anything being done about it?

[Answer] "We're not familiar with such things, there's no such thing now, and I don't believe in it anyway. So what we're doing now is taking steps toward lowering unemployment: fiscal measures, investments, income policy, etc."

[Question] But is it possible now that even after improving the economic situation, we will have to accept a permanent increase in unemployment? The way things are, full employment seems impossible.

[Answer] "In the sixties, there were 60,000 unemployed and we had an over-extended workforce. That is one of the most important causes of the problems we now are fighting; that's when the wage explosions happened, that's when the seeds of today's crisis were sown. We shouldn't even want to return to only 60,000. A somewhat higher number seems desirable, but if you ask me whether we can achieve it in the foreseeable future, I have to say clearly no. That means that we will have to count on a permanently higher level of unemployment.

"I do hope that we can reduce it to below 500,000. But 300,000, with a mean growth rate of about three percent--I really doubt that it's possible. So, in the long run, I think that we'll have to think of shared employment. In the long run, that is, because such things as early retirement aren't free, we have to be able to pay for them. So we first have to make sure that business is healthy and strong again. Then we can think about sharing work."

[Question] Afterwards--that is really very explicit.

[Answer] "That it is."



Dr A. van der Zwan's (executive president of the Netherlands Investment Bank) recent plan to increase employment by rapidly increasing government expenditures for infrastructural projects such as freeway construction is not so attractive to Duisenberg: "I'll be strongly in favor...as soon as we have the money for such things again."

#### Cursing in Church

Jelle Zijlstra considered him to be an ideal successor. Even Van Agt, a premier of the CDA dynasty, found him acceptable. In HET PAROOL, Henk Vredeling wrote about his nomination: "A revolutionary act... A Labor Party member as president of the Netherlands central bank is almost like cursing in church." And, less than a year later, the same PAROOL commentator remarked disappointedly: "Whoever thought that the new head of the Netherlands central bank, in view of his political background, would reveal other insights than those of his predecessor, can forget it. Dr W.F. Duisenberg made his debut with a presidential report which so clearly follows in the footsteps of Dr J. Zijlstra that it would almost seem that no changing of the guard took place last 1 January."

"I am lonelier than I was in politics," he says.

[Question] Above an interview in an issue of ACCENT which never appeared due to a strike, it said: "If there were no Den Uyl, after minister of finance, the office of prime minister would be the most attractive to me."

[Answer] "When I said that, I didn't have this job yet, so I didn't know how attractive this job could be. If you are interested in macro-economic developments, especially monetary ones, this is best the assignment you could imagine. I do have less power than a minister, but on the other hand, in the interest of stability of the guilder, I can freely express my opinion on government policy, without having to confer with anyone else." For a moment, his thoughts appear to remain with the hectic party council meetings he once attended: "I now can say what I want to. The trick is to say things in such a way and at such a time that your advice will be followed."

[Question] You no longer have to wonder: will people still vote for me if I say this?

[Answer] "Yes, and I think that's wonderful. Wonderful!"

[Question] And the fact the job's so lonely probably doesn't bother you. You're more of an introvert anyway.

[Answer] "That's true. I sometimes get angry at someone or something, but very few people ever notice. I keep things to myself. To be able to blow up, all of a sudden, wham--that seems nice to me. Then you're done with it. But I've never had a blowup like that, not even in private."

[Question] That seems so stupid, uh, strange...

[Answer] "I wouldn't call a person like that stupid."

[Question] I already corrected myself.

[Answer] "Yes, I guess I blew up at that right away, didn't I." Duisenberg laughs for a moment, but he then turns serious again immediately. "I don't mean that I am controlled by reason alone, it's just that emotions have so little opportunity to express themselves that that's the way it appears. Yeah, and what happens to the anger... I never forget anything. I have a memory like an elephant. If I resent someone for something, I remember it. It might take five or ten years, but it comes out in the end." Whispered: "Yeah, yeah, really."

### Illegal Money

[Question] It is possible in the Netherlands for say Mr Van der Linden to simply take out a bank account in the name of say Mr Duisenberg. If you walk into a bank with a suitcase full of illegal money and ask whether you can get rid of a hundred thousand guilders, you might even be advised to give a false name--to perjure yourself in writing.

[Answer] "My standpoint is that a bank should be an impeccable institution. Banks do want to be. That's why I cannot agree with your generalization."

[Question] NIEUWE REVU tried it nine times. That's what happened eight of the times.

[Answer] "Even though that's not strictly speaking part of my job, I sometimes talk to banks about it. I know that banks instruct their personnel --without a wink--'thou shalt not be involved in transactions with or in receipt of illegal funds.' Now that it turns out that it sometimes does happen, you have to think of further measures against it. Now I am very cautious: I'm by no means opposed to requiring identification from clients. In that regard an agreement could be reached between the banks and the minister of finances, since this is a matter that concerns the government and the banking industry. In such an agreement, the banks should have to declare: 'We promise you, Mr Minister, that if someone comes to us to open a checking account or to rent a safe-deposit box, we will assure ourselves of the identity of that person. And if we have reasonable suspicions that the person is trying to give a false identity, we will not do business with him.' Another possibility would be to regulate that by law, to require banks by law to do that.

"Fine, imagine now that there is an agreement or a law that requires a bank to ask a client to show his passport or his driver's license. That's ok. But I do understand the position of banks who object to possibly being forced to record the passport or driver's license number next to the client's name. You see, then you are asking for information on the client which is not necessary for the bank's administration, which could only be intended for another purpose. That would make the banks run the risk of being suspected of performing judicial or fiscal tasks. And that would be a significant

handicap to the necessary confidential relationship between you, the customer, and the bank."

[Question] Don't you think that the central bank should play the role of watchdog?

[Answer] "No, that definitely is not its task. That's up to the government. The Netherlands central bank wouldn't do it. We wouldn't be willing to."

Postal Bank

[Question] To the great shock of the banking world, you submitted the first bill for a postal bank to the lower house in 1977. Are you still in favor of a state commercial bank?

[Answer] "Yes, of course. I'm starting to get curious. As I've always said: the first plan to set up a Netherlands central bank dates from 1796. It came about in 1814. In other words, it took 18 years. I'm now beginning to wonder whether that record will stand. Beyond that, I'd rather not discuss this matter."

[Question] Please give me one more try: there's now a bill up. What do you think of it?

[Answer] "There are elements of it that I strongly favor. In the sense that the post offices' financial services would be consolidated and made independent, so that they could function as a normal bank in the bank marketplace. But I find limitations in the proposed statutes which I don't consider realistic for a postal bank. The most significant is not allowing business loans.

"Look, the purpose of the bill is to turn it into a retail bank for the general public. But the statutes say that it won't be allowed to deal in stocks and bonds. At the same time, that is something that a broad segment of the public is interested in. I think it doesn't make sense to make things like that impossible.

"If on the one hand they say that the bank won't be allowed to do things that other banks can't, then I say that the corollary to that should be that it shouldn't be forced to limit itself to less. I don't understand why the French state should be allowed to operate a bank with complete services in this country and the Netherlands shouldn't be."

Specialists from the Labor Party caucus who have tried to discuss this kind of matters with Duisenberg run up against a solid nyet. There is hardly any contact between the president of the Netherlands central bank and the party leaders.

[Question] Do you still talk to Den Uyl from time to time?

[Answer] "I sometimes bump into him. Then Joop says, 'Wim! I'll call you up tomorrow, I'll call you up tomorrow.' That's what he always says." Then, matter-of-factly: "But so far he's never done it. Never. I'm still waiting."

12571

CSO 3614/51

ECONOMIC

NORWAY

BRIEFS

PRIME MINISTER ON ECONOMY--Norwegian industrial leaders have granted excessive wage increases, which have given rise to strong demands for wage increases by other groups. This may lead to price rises and, thus, have a negative effect on industrial employment, Prime Minister Kare Willoch said yesterday. Norway cannot compete with Japan and the United States if we introduce the 35-hour work week and longer vacations. We have a favorable climate for entrepreneurs, but the attitude of Norwegians toward production will be the decisive factor, administrative director Rolf Skar said at the "Industrial Forum" in Oslo yesterday. [Text] [Oslo AFTENPOSTEN in Norwegian 20 Mar 85 p 1] 9336

CSO: 3639/96

ECONOMIC

SPAIN

PRELIMINARY AGREEMENTS ON EEC ENTRY SUMMARIZED

Madrid EL PAIS in Spanish 17 Feb 85 p 61

[Passages enclosed in slantlines printed in italics]

[Text] Brussels--Of the 18 chapters in negotiations for Spain to be admitted to the EEC, 13 are already completed although some /loose ends/--at times important--have to be tied up.

Institutions: Spain will have the status of /intermediate/ country, between large and small. It will have two members on the Commission, 60 seats in the European Parliament and 8 votes out of a total of 76 in the EEC Council of Ministers.

Tariff Union: Spain will have 7 years to dismantle its tariff system in eight segments with 65 percent of our tariffs dismantled by the end of the first 4 years. Some contingencies have been introduced for reduced tariffs for importing automobiles during the first 3 years. The same timetable will be used for the application in Spain of the EEC common external tariff. Special measures are established for more sensitive products. Spain will have 6 years to adopt its marketing monopolies (but not production). Ceuta and Melilla will not be part of the Tariff Union or the IVA [Value Added Tax] although the rules of origin must be defined. The major topic of the Canaries and Andorra also needs to be discussed.

Steel Industry (ECSC): Spain will have 3 years after admission to complete its restructuring and eliminate national aid to the sector. During these 3 years, Spain is guaranteed an export quota to the EEC equivalent to at least 827,000 tons. Antidumping still needs to be defined.

Patents: Spain will be a latecomer to the Munich Convention in October 1992. After admission, it will introduce investments for burden of proof for new patents.

Taxes: Spain will introduce the IVA upon admission and will have 4 years for comparable taxes on light and dark tobacco.

Legislation: Upon admission, Spain will adapt its legislation to the EEC legislation with some exceptions; for example, it has a year to adapt the lead content in high-octane gasoline.



**Right to Establish and Offer Services:** It will have 7 years for the progressive freedom of installation of credit establishments in Spain. Upon admission, it will adapt the automobile /green card/ to the EEC system. It will have 5 years to start the medical specialization of dentistry in Spain which is different from odontology and requires less study.

**Capital Movement:** It will have a maximum of 5 years to establish the EEC /minimums/.

**Transportation:** It will have a maximum of 5 years to install meters in transportation vehicles.

**EURATOM:** Spain will not have to sign the Nuclear Nonproliferation Treaty to join the European Atomic Energy Community but this question has been brought up again by the Netherlands and Denmark.

**Foreign Relations:** Spain will apply the same tariff adaptation rate as in the EEC with some exceptions. Some /loose ends/ remain in this chapter, including Spanish contribution to Third World aid.

**Economic and Financial Questions:** Spain will participate in the European Monetary System upon admission but its participation in exchange and intervention mechanisms, inclusion of the peseta in the ECU and its contribution to the European Investment Bank have not been decided yet.

**Regional Policy:** Spain will have access to funds allocated for this policy upon admission but the percentage has not yet been determined.

The open chapters are: agriculture, fishing, social affairs, Canaries, Spain-Portugal-Greece relations and Spanish participation in the EEC budget, in addition to the indicated /loose ends/.

Negotiations are bogged down in the problems that the European Commission's global proposal on agriculture, fishing and social affairs presents both for Spain as well as some of the EEC countries. There has been no progress since last July despite political statements in favor of expansion.

The EEC officially bides by the date of 1 January 1986 for the admission of Spain and Portugal. Unofficially, hardly anyone believes it any more since 1 January 1987 is more rational.

#### Unacceptable Offer to Spain

<u>Sector</u>	<u>EEC Proposal</u>	<u>Spanish Objections</u>
Fishing	Dismantle half the Spanish fleet in 7 years. Establish a periodic list of ships that can fish. Transition in two phases: limitation of zones and species until	Let the same ships that worked in 1984 continue to work. Possibility of working in the so-called Irish box. Transitory period must be similar to the

<u>Sector</u>	<u>EEC Proposal</u>	<u>Spanish Objections</u>
Fishing (cont.)	1992; full integration in the year 2002. There will be 120 licenses divided among the 329 ships that work in EEC waters.	general one. Increase the volume of fish caught.
Agriculture		
Continental products	A 4-year freeze on exports of beef, milk, butter, cheese and bread wheat to Spain.	Lengthen that list to prevent a strong impact on the Spanish economy.
Fruits and Vegetables	Dismantle tariffs in the 7th year for products that now receive preferential treatment (tomatoes, citrus and apples). For the rest, a 10-year transition in two phases. Maintenance of a price equivalent to the reference price during the entire transition.	No restrictions on citrus upon admission. Reduce limitations on our exports to avoid creating a worse situation for Spain than for a third country.
Olive Oil	Prices will not be adapted until reform of the EEC stock. Adaptation of Spanish participation prices to those of the EEC at the rate of about 20 percent per year.	The reform should be done after admission with prices adapted from the beginning. Guarantee that aid to the producers is not reduced after admission.
Sugar	It can produce 868,000 tons of beet sugar and 87,000 of isoglucose as production quotas.	Wants 25 percent more than the EEC offers. The proposal sets production lower than national domestic consumption.
Pigs	Exceptional aid measures while the African swine epidemic is being eliminated.	Prevent imports from the EEC for 4 years since the market is self-sufficient.
Wine	Production based on the harvest of the last 3 years. Application of a penalty rate for exports to the EEC. Required distillation of surpluses.	Average the three best harvests of the last 5 years plus 30 percent. The last 3 years were affected by the drought. Do not apply compensatory amounts to trade.
Social Affairs	The principle of place of residence must be applied for social benefits. Free circulation in 7 years. FRG objections about benefits.	Eliminate the FRG objections on social benefits and those of Luxembourg on free circulation.

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CSO: 3548/100

ECONOMIC

TURKEY

## TAX REFORM DEBATE GOES ON IN TURKEY

Ozal's 'Tax Break' Amounted to 1 Trillion Liras

Istanbul CUMHURIYET in Turkish 13 Mar 85 pp 3, 8

[Article by economics editor Osman Ulagay: "Two Faces of Taxes"]

[Text] When we look at the figures for the past 10 years, we see clearly that the Turkish tax system and collection methods have failed to catch up to inflation-bred earnings and allow them to be taxed. While growth in total tax revenues failed to equal growth in prices during years when inflation was rising, growth in the income tax also lagged way behind price increases in years of rapid inflation. During the years when it was possible to bring inflation down towards the 30-percent range, it was also possible to have the increases in total tax revenues and income taxes come out higher than inflation.

We see an outstanding example of this in 1983. According to the Treasury Undersecretariat wholesale goods price index, prices rose 30.6 percent in 1983, and income tax revenues rose 47.9 percent. In 1984 when inflation again spurted out of control, one notices a completely opposite development. Inflation was 52 percent in 1984, while total tax revenues were 30 percent, and income taxes rose only around 26 percent, according to the estimates.

However, looking at past trends and taking refuge in the impact of inflation are not sufficient to explain the development in 1984. The tax changes and exemptions introduced by the Ozal government are seen to have a large impact on this outcome.

According to a computation by economist-author Tefvik Gungor, who has directed his efforts primarily to taxes in recent months, the "tax break" given last year by the Ozal government to earnings on interest, credit, business profits and consumers of imported goods reached almost 1 trillion liras in value. If we add just half of this amount to the total tax revenues for 1984, we see that a tax-revenue increase to parallel the increase in inflation could have been obtained.

In that case, the tax exemptions brought about by the Ozal government in addition to the structural inadequacy of the Turkish taxation system had a large share in the inadequate level of tax revenues last year and in the growth of the budget deficit, forcing inflation up.

To whom did the Ozal government give tax breaks?

The income tax paid by people who have money in the bank and earn income on interest was reduced from 25 percent-30 percent to 10 percent. The people with the most money and large interest yields, of course, benefited the most from this.

The tax on bank and insurance transactions used to be 25 percent, but was reduced first to 15 percent, then to 3 percent. The industrialist and merchant who use credit benefited from this. (In contrast, credit interest was not reduced.)

Consumers of imported goods were the chief beneficiaries of the significant reduction in customs taxes.

The only tax break that helped the "poor wage earner," however, was the tax rebate which averaged around 6 percent-7 percent last year.

It is not hard to suppose that these tax changes, while running up the budget deficit and reducing tax revenues on one hand, would further distort rather than correct income distribution on the other. We are faced by the fact that these developments fanned inflation from two directions.

The 1985 general budget calls for tax revenues to comprise 73 percent of budget revenues, income taxes comprising 29.5 percent of the total and corporation taxes, 7.8 percent. Great hopes are pinned, of course, on the value added tax. In drawing up the budget, it was envisaged that the 760 billion liras lost when various taxes were discontinued upon implementation of the VAT would be made up, but the government's expectations seem to be even higher. "Breaking their necks," as Mr Ozal put it, to place the VAT in effect in early 1985 was the result of the government's latching onto it as a broad-based tax for lack of hope for other tax sources.

The value added tax is undoubtedly an important stage in Turkish taxmanship. However, mistakes in implementation aside, it is not sufficient in itself to realize the tax potential in Turkey. In order for the state to have sound sources of income and eliminate budget deficits on one hand and for the earnings that have become the overweening demand of the sector that skims the cream off inflation to flow into the state's coffers on the other, it is necessary to turn to reform of the income tax and the tax system in general, to move quickly to modernize the tax organization. Administrations that fail to do this are seen to have extremely limited chances of solving the most basic problem of the Turkish economy.

#### Income Tax Change Possible in 1986

Istanbul CUMHURIYET in Turkish 13 Mar 85 pp 1, 3

[Text] Ankara (CUMHURIYET BUREAU) -- Finance and Customs Ministry officials indicated that an alternative of either a change in the income tax categories or the percentages had been conveyed "orally" to Prime Minister Turgut Ozal. "The decision is for the political authority to make," they said.

Noting that even if a change were made in the income tax categories or rates it could not go into effect before March 1986, the officials said, "The Prime Minister has been furnished all the information on which to base his decision. Moreover, there is adequate time to choose among the various alternatives."

The officials said that the first tax category figures proposed had varied between 1 million and 2 million and that it may be a question of setting tax rates to impact on the various categories so as to produce similar results.

"Efforts to deal with the distortion in national income distribution have been in progress for years at the ministry," the officials said, adding:

"However, pressure has come from the public to step up the work because Prime Minister Ozal's announcement at Davos coincided with revision of the tax forms. A significant number of tradesmen are concerned in the raise of the 3-million-lira optional section in particular. We would like to remind you, however, that even if the change were made this year, the new rates or categories would not go into effect before 1986."

8349

CSO: 3554/108

ECONOMIC

TURKEY

#### CALP ON TURKISH ECONOMY UNDER DIFFICULT CONDITIONS, SOVIET GAS LINE

Istanbul MILLI GAZETE in Turkish 12 Mar 85 pp 1, 9

[Text] Ankara - Populist Party [PP] General Chairman Necdet Calp asserted that, contrary to the "rosy" picture painted by Prime Minister Turgut Ozal when he said, All goods are now available in Turkey. We are not all that poor," Turkey is experiencing hard times. "From the economic standpoint, Turkey is getting deeper every day into very difficult circumstances," he said.

Calp said that the measures taken by the government were not to bring down inflation, but on the contrary were such as to make it rise.

Pointing out in a statement to the ANKARA AGENCY that a broad segment of society was having a hard time making a living, PP General Chairman Calp said:

"The government's diagnosis of of inflation is wrong. Turkey today, unlike 1980, is experiencing inflation of cost, not demand, because the price hikes on basic inputs are not the cause of all the other price hikes -- such as those on liquid fuels, electricity, fertilizer. No, alongside the tight money policy the government is applying, the pell-mell exportation being done under the watchword of national need is causing inflation. The government will be unable to bring down inflation as long as it continues to implement all these measures. All of these indicators are saying that unemployment, inflation and hard times cannot be eradicated in Turkey."

#### Reaction to Natural Gas Pipeline

PP General Chairman Necdet Calp, maintaining that Turkey was becoming dependent on the Soviet Union and Bulgaria for energy, said, "This situation is fraught with dangers for the future. Turkey's economy will take a nosedive if either Russia or Bulgaria stops supplying energy."

Contending that the natural gas pipeline project for which agreement has been concluded will make Turkey's energy sector dependent upon a foreign source, Calp said:

"This kind of consequence is dangerous. We cannot feel that the government acted cautiously energetic in these matters. We do not believe that the government will be able to cope with the internal and external problems of this eventuality."

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CSO: 3554/107



ECONOMIC

TURKEY

# BARLAS ON IMPORTS AS MAINSTAY OF TURKISH ECONOMY

Istanbul MILLIYET in Turkish 25 Feb 85 p 1

[Editorial by Mehmet Barlas in the column "Today": "Can This Be Trade"]

[Text] Even though the Ozal government's export incentives were unprecedented in the history of the Republic, imports are still at a higher premium than exports owing to distortions in Turkey's foreign economic relations.

The best example may be Turkish-U.S. economic relations.

Turkey is at the moment a steadily growing market for American firms. Our purchases, starting with military needs and jet fleets, extend over as broad a range as building telephone and communications facilities, bridges, electronic requirements, machinery and technical parts and raw materials. According to some figures, Turkey is soon going to be paying America \$15 billion for imports. If we add to this the interest being paid into the American banking system and other outlays, it means that Turkey will be contributing to the American economy in excess of \$25 billion.

It is for this reason that American banks are opening branches in our country in steadily growing numbers, Turkey desks are being set up in large American companies, and the number of American projects coming to Turkey is steadily increasing.

Despite this trend, the annual Turkish-American foreign trade volume is expressed in low figures. We have imports of nearly \$1 billion and exports of around \$300 million. That is, our total foreign trade deficit on the American front is \$700 million. American-Turkish foreign trade is a one-way road. Turkey buys, borrows and pays. America, however, limits its purchases from Turkey and imposes extra customs duties on our recovering export items such as textiles.

This kind of trade and this kind of one-way relationship cannot go on.

Even the oil-rich nations, Iran, Algeria, Iraq and Libya, sign trade agreements only if their oil sales are equal to their imports. In contrast, Turkey opens the gates to imports and contracts with no limitations.

Essentially the same situation applies to Japan also. Our imports from Japan are in excess of \$300 million. But our exports to Japan have not even reached \$50 million. We must find a remedy for this situation.

Turkey seems to be encouraging exports. But the risk to our exporters is growing. What with delayed payments in certain Arab countries, a climate of distrust rising out of illegal acts by phony exporters, lack of public support and the protectionist trend in world trade, exporting has become a tough occupation. In contrast, making money on imports, with no risk and no foreign exchange earnings, is unfair competition. A new motive of some kind is a must for imports, the same as there has been for exports.

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CSO: 3554/100

ECONOMIC

TURKEY

#### INCREASED DISAGREEMENTS IN LABOR CONTRACT MEETINGS

Istanbul MILLI GAZETE in Turkish 12 Mar 85 p 6

[Text] Ankara - The extent of discord in collective contract talks is growing. Official arbitrators are now at work to resolve the disagreements in 144 contracts, covering almost 80,000 workers, of the 191 collective contracts on which discord continues and which concern 95,000 workers. Official arbitrators are in the process of being appointed for a further 47 contracts covering nearly 15,000 workers.

According to Labor and Social Security Ministry data, 154 disagreements on record at the Labor General Directorate on contract No 564 have been settled by official arbitrators.

Meanwhile, 9,438 workers are out on strike or are preparing to strike, and lockout decisions have been adopted at 13 workplaces employing 3,622 workers. However, no lockout decision has yet been implemented.

Strike decisions have been adopted so far at 93 workplaces involving approximately 28,617 workers. Agreement was reached and collective contracts signed at 41 of these, involving 19,179 workers, after the strike decisions were adopted. The strike decision is still valid at the remaining 52 workplaces covering 9,438 workers.

Lockout decisions were adopted at 19 workplaces, covering a total of 17,674 workers, but 6 of them were settled and collective contracts were signed covering 14,052 workers.

Meanwhile, a total of 1,755 collective labor contracts have been signed to date between workers and employers without going to arbitration.

According to Labor and Social Security Ministry data, 499 of the 1,755 contracts cover 203,996 workers in the public sector and 1,256 of them cover 240,170 workers employed in the private sector.

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CSO: 3554/107

ENERGY

FINLAND

# POLL VIEWS POPULATION ATTITUDES ON ENERGY, NUCLEAR POLICIES

Helsinki UUSI SUOMI in Finnish 13 Feb 85 p 11

[Article: "New Energy Study: Finns Are Soft-Technology People, Do Not Trust Politicians When Decisions About Energy Form Are Made"]

[Text] Finns no longer entirely trust the political decisionmakers, such as the Parliament and the government, in energy policy.

The citizens themselves want to decide on energy alternatives or would let energy experts solve the intricate problems.

The Finns prove to be soft-technology people, who take an energy policy stand based on emotion rather than calculation: safety and lack of pollution are stressed instead of cost.

Thus reports the second in a series of studies which chart the citizens' opinions on energy. The first was made in 1983.

The citizens also complain about the paucity of information: they do not get enough of it or, if they do, they do not understand it due to the complexity of the facts.

Clear changes in the attitude toward various energy forms have occurred from the autumn of 1983 to the autumn of 1984. The position of natural gas as the most popular energy source of all has been given greater prominence than before; support for coal, water power and peat has declined. Attitudes toward nuclear power have become surprisingly more positive.

The order of superiority of the energy forms looks like this: natural gas, peat, water power, nuclear power, coal. During the year, nuclear power has climbed out of last place in front of coal.

## Finns Soft-Technology People

Research aimed at citizens' opinions on energy policy and done in a municipal science study group at Tampere University reveals the Finns to be supporters of soft technology.

In the citizens' opinion, the most important issues in making energy policy decisions are the energy's safety and lack of pollution. "Hard" economic aspects, such as the cheap price of energy, remained clearly subordinate to soft-technology values.

The same tendency is also supported by the fact that a solid one-half of the citizens announce they are ready, if need be, to compromise their own standard of living in order to reduce environmental damage and risks caused by energy production.

On the other hand, three out of four believe that the need for electricity will grow substantially in the future and that cheap electricity will increase prosperity.

#### Sun and Wind Attractive

It is likewise indicative of changes in the world of values that solutions to problems are sought outside the customary energy sources.

In the opinion of 74 percent of the respondents, wind and solar power should be used appreciably more. Half the citizens consider them practicable energy alternatives, and one-fourth label them pipe dreams.

#### No Confidence in Decisionmakers

The citizens do not feel that they themselves have any chance to influence the making of decisions on energy policy. In their view, however, the attitude of local residents ought to be crucial when decisions are made on the construction of power plants, among other things.

They would like to come up with the solutions themselves because in energy matters the citizens have little confidence in the knowledge of the Parliament and even less of the government. They prefer to give the decisionmaking power to honest experts rather than democratically elected agencies.

They are split down the middle on a national referendum: a vote is supported and opposed to an equal degree.

#### Knowledge Scanty and Unreliable

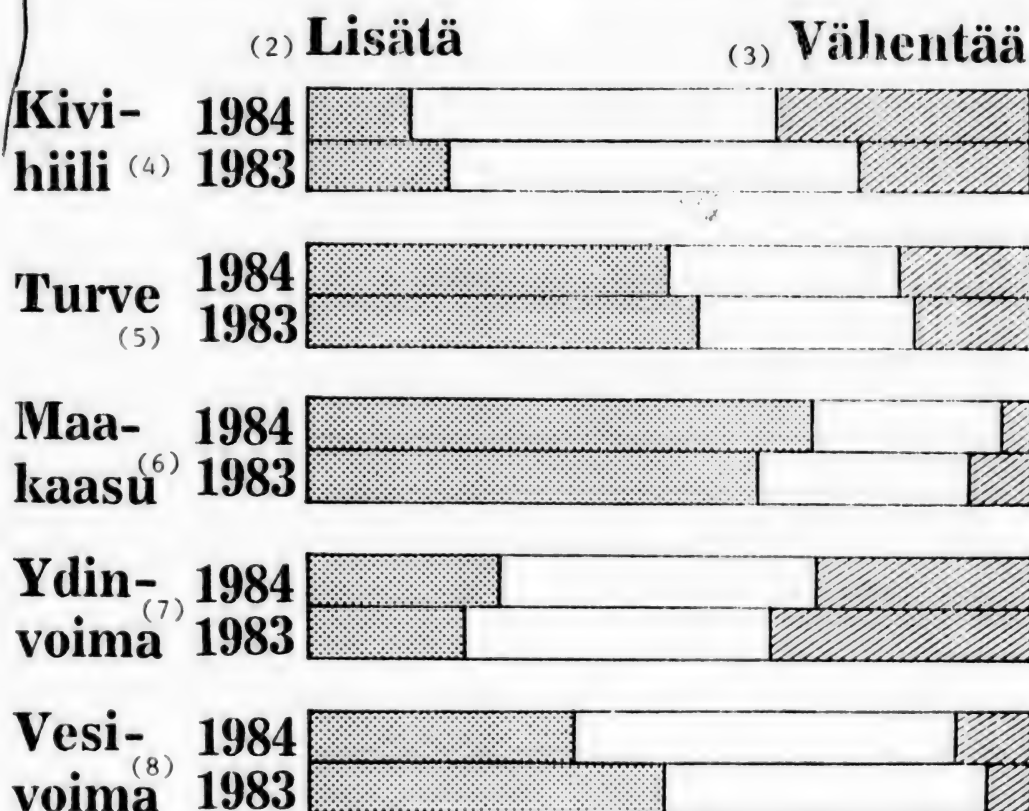
The general picture of the level of citizens' knowledge about energy policy turns out to be relatively gloomy. More than four-fifths of the respondents think that the average Finn knows too little about alternatives for energy production. And one out of two feels that the questions are so complicated that the ordinary citizen does not understand them.

Considerably more information should be given about energy issues. The reliability of information is criticized harshly: in the opinion of one out of two, it is impossible to obtain dependable information about energy matters.

#### Natural Gas and Nuclear Power on the Rise

Marked changes have taken place from the autumn of 1983 to the autumn of 1984 in the attitude toward different energy sources. The status of natural gas as the

## Energiamuodon käyttöä pitäisi <sup>(1)</sup>



The desired magnitude of use of different energy sources in 1984 and 1983 (percentage). The attitude toward natural gas and nuclear power has become more positive, that toward coal, water power and peat more negative.

### Key:

- |                                  |                   |
|----------------------------------|-------------------|
| (1) Use of energy form should be | (5) Peat          |
| (2) Increased                    | (6) Natural gas   |
| (3) Decreased                    | (7) Nuclear power |
| (4) Coal                         | (8) Water power   |

most popular energy source of all is emphasized more than before: 70 percent support increasing it from the current level.

On the other hand, support for coal, water power and peat has waned.

In the citizens' opinion, the "order of superiority" of the energy forms is the following: natural gas, peat, water power, nuclear power, coal. The attitude toward nuclear power has become more positive: overtaking coal during the year, nuclear power has risen from last place.



According to the study, 26 percent of the population would like to increase nuclear power, 32 percent would maintain its use at the current level, and 30 percent would decrease the share of nuclear power.

In municipalities where nuclear power plants are located, especially Loviisa, the attitude toward this energy form was even more positive than the average for the country.

#### Opponents and Supporters

The study confirms previously obtained information about the attitudes of various population groups toward nuclear power.

Women are more markedly opposed to nuclear power than men.

The attitude becomes more positive rather steadily according to age. The age of 40 proves to be a kind of turning point. Those 15 to 17 and 21 to 25 mostly oppose nuclear power, those over 50 years of age mostly support it.

Those who are highly educated and in positions of leadership support nuclear power distinctly more than the uneducated or, for example, the unemployed and others outside work life such as schoolchildren, college students and homemakers.

Supporters of the National Coalition Party and the Swedish People's Party are more positive than the average toward nuclear power; backers of the Finnish Christian League, the Greens and the Finnish People's Democratic League oppose it more than the average.

An affirmative stand on nuclear power is based on good experiences obtained from it; those who adopt a negative stand take into account, for their part, nuclear power plant accidents and the problems of nuclear waste.

#### Imatran Voima as Background Support

The first results of the broad study "Energy Policy and the Citizen's Opinion" under way at the municipal science study group of Tampere University are in.

The study is a sequel to the survey--it focused on the Finns' opinions about energy policy and attitudes toward nuclear power--published last year by the same authors, Paavo Hoikka, Pentti Kiljunen and Juhani Pehkonen.

The research was conducted with the financial support of Imatran Voima.

The research material was gathered as a postal survey between 28 September 1984 and 15 November 1984. The survey was directed at 3,530 persons between 15 and 70 years of age picked at random from the central register of the population. A total response of 72.7 percent was obtained.

12327

CS0: 3617/85

ENERGY

FINLAND

# SEVERE WINTER POWER CONSUMPTION STRAINS CAPACITY LIMITS

Helsinki UUSI SUOMI in Finnish 20 Feb 85 p 22

[Article: "Electricity Consumption on Edge of Crisis; All Power Plants Operating to Capacity"]

[Text] Finland has been driven to the brink of an electricity shortage more quickly than was generally believed. There is the threat of an electrical energy crisis as early as the coldest weather of next winter. Imatran Voima (IVO), Inc, is now ascertaining whether it would be possible to import electricity from Sweden during the next few years while awaiting the decision on its own large power plant.

The current winter's cold weather has increased electricity consumption so much that it has been necessary to start up all reserve power plants. There is no longer any reserve capacity.

It is estimated that this year roughly 51 terawatt-hours of electricity will be consumed, which in the most optimistic calculations is considered the critical limit to be reached around 1990.

The possibilities for imports open up at the end of the year when Sweden starts up its last two nuclear power plants and there is an overcapacity in the country for a while. However, a great deal of electricity cannot be imported due to the limited scope of the transfer network. IVO has nevertheless begun, in all quietness, to inquire about a substantial increase in imported electricity.

The electricity shortage may be a reality as early as next winter. If a weak water power situation combines with very cold weather, it may be necessary to ration electricity for the first time in living memory.

Sweden would have been ready to sell small amounts of electricity as early as this winter. Electricity taken from oil-fired power plants would have been roughly twice as expensive as electricity generated by coal in reserve power plants in Finland. For that reason, IVO started up the coal-fired power plants.

Electricity imported from the Soviet Union can also be increased, but not decisively. The present import capacity of 600 megawatts can be raised to 1,000 megawatts at most. During the coldest winter weather, the supplementary heaters of households alone consume approximately 1,000 megawatts.

12327

CS0: 3617/85

ENERGY

NORWAY

#### PROMISING OIL FIND MADE IN NORTH

Oslo AFTENPOSTEN in Norwegian 19 Mar 85 p 4

[Article by Flemming Dahl]

[Text] Norsk Hydro has found oil in the first exploratory well in block 7120/6 on Tromsøflaket. Experts describe the find as "encouraging," but stress that, in all probability, additional successful wells must be drilled before it will be possible to speak of profitable reserves.

The oil is believed to be located in the same structure in which Statoil found oil last fall in neighboring block 7121/4. This was the first oil find off the coast of North Norway. It subsequently received the name Snow White Field.

Statoil demonstrated the presence of oil, as well as considerable quantities of gas. Now Hydro has done the same. The Statoil find created great expectations in connection with the drilling operation Hydro is now concluding. Thus, it would have been a disappointment if Hydro had not found oil.

The first oil find in North Norway was made in a sandstone layer about 10 m thick. Hydro is reported to have found oil in a sandstone layer of about 15 to 20 meters. Preliminary investigations seem to indicate that the sandstone investigated by Hydro has better production properties.

So called "logging" of the well last weekend has convinced Hydro that oil reserves are present. Now the company is preparing to conduct test production. The results, which will be available in several weeks, will show how promising the find is.

Elsewhere, Statoil is now drilling a new well in block 7121/4, but it is assumed that this is a neighboring structure to the actual Snow White structure. Results from this well are expected to be available around Easter. A possible new oil find here will reinforce optimism over future oil production off the coast of North Norway.

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CSO: 3639/96

ENERGY

TURKEY

#### PROGRESS OF USSR-TURKISH ECONOMIC COOPERATION

Istanbul MILLI GAZETE in Turkish 12 Mar 85 p 6

[Text] Ankara - Turkey will begin exporting aluminum ingots and silver to the Soviet Union in 1988.

The Turkish-USSR "long-term program for the development of economic, commercial, scientific and technical cooperation" and the "agreement on the exchange of commodities for 1986-1990" have been approved by the Council of Ministers and was published in the RESMI GAZETE. The long-term program approved calls for cooperation in planning between the State Planning Organization and the USSR state planning committee as well as cooperation between Turkey and the USSR in iron-steel and nonferrous metals, the aluminum industry, the mining industry, the electro-technical industry, oil refineries, the chemical industry, light industry, the machinery manufacturing industry, woodworking and the paper industry. The long-term program, it was decided, would include within the scope of cooperation between the two nations information exchange and know-how [in English] services, the exchange of goods and holding seminars.

In addition, the exchange of commodities covering the years 1986-1990 calls for the export to the USSR by Turkey of 25,000 tons of aluminum ingot and 180,000 tons of silver by 1990, starting in 1988. Aluminum foil exports will start in 1987 and are to reach 1 million tons by 19[90?]. The commodity-exchange agreement envisages Turkey's principal exports to the USSR as food, textiles, mineral raw materials and chemical and industrial consumer goods. In this 5-year period, the bilateral volume of trade is to reach \$6 billion, and exports of foodstuffs, the most important export item, are to rise from \$190 million to \$460 million during the terms of the agreement. Accordingly, Turkey's exports of cereal grains will rise from 100,000 tons to 1.5 million tons, of olive oil from 10,000 tons to 30,000 tons and of citrus from 50,000 tons to 80,000 tons. Exports of textiles, envisaged as rising from \$55 million to \$110 million, will include cotton, rising from 25,000 tons to 50,000 tons. Also, Turkey's exports of mineral raw materials and iron-steel will rise from \$15 million to \$115 million.

Imports from the USSR will consist of fuels, minerals and metals as the most important item for 1986-1990. Accordingly, imports in this category during the period will cost \$200 million in 1986 and \$640 million in 1990. This import category includes natural gas, petroleum and electricity. Natural gas imports, to start at 1.5 billion cubic meters in 1987, will rise to 3 billion cubic meters in 1990, while electricity purchased will rise from 600 million kilowatt hours to 1.2 billion kilowatt hours. In addition, 1 million tons of motor oil and 2 million tons of crude oil will be imported during the period. Other items that Turkey will import from the USSR include machinery, chemical products, timber and seed wheat.

ENERGY

TURKEY

#### USSR'S ENERGY COOPERATION, ASSISTANCE EVALUATED

Athens TO VIMA in Greek 9 Mar 85 pp 4-5

[Text] The economic cooperation between Turkey and the Soviet Union has broadened steadily since 1967 when, after a period of coolness, the political climate improved at high-level meetings between the two sides. Turkey thus has come to be the top recipient of Soviet economic aid among the non-communist countries!

Within the network of Turkish-Soviet agreements for commercial and industrial cooperation, the energy sector holds an enviable position. This is true for either the designing of atomic energy stations and thermal centers or the supplying of oil and natural gas.

A first hint of possible Turkish-Soviet cooperation in the area of the peaceful use of nuclear energy is contained in the approved minutes of the 1979 Regular Conference which concerned issues of Turkish-Soviet cooperation. In the deliberations of the Turkish and Soviet experts, emphasis was given to contracting a package agreement which would include:

1. Joint exploration to locate uranium deposits.
2. Joint exploitation of uranous fields, after special contractual arrangement "in due time."
3. Construction--with the Soviets responsible--of atomic energy plants on the shores of the Black Sea, with an initial cost of 850 to 950 million dollars.

As a first step, the National Turkish Power Corporation and the Soviet Company, V/O Atomenergo Export, in the frameworks of a study on advisability, would determine the exact site, the potential and type of nuclear reactor for selection. Beyond undertaking construction works, the Soviets proposed to furnish nuclear fuels for the Atomic Center's operation.

The program was part of a package containing 20 industrial preliminary plans, at a total cost of eight billion dollars; the Soviet Union would cover half of the financing.

The Soviet side assumed specific commitments to help in expanding the Iskenderun steel industry, enlarging the alumina complex near Konya and building factories to produce magnisium and fertilizers. At the same time, agreement was made on Soviet-Turkish cooperation for construction of thermal power stations and an



enclosure in Arpay, and joint execution of an exploration program for liquid fuels in southeastern Turkey.

The Soviets even undertook supporting the exploratory activities of the Turkish National Oil Company and expanding installations at the Aliaga refinery.

Increasing the electricity furnished to the Turkish Anatolia and Black Sea districts was another Soviet commitment. If construction of a second network to conduct electricity is implemented, the Soviet contribution, on a yearly basis, will reach 2.4 billion kilowatt-hours.

The fate of the Soviet proposal to establish a thermonuclear plant in the area of the Bosphorus was similar to the outcome for proposals by western companies. A bargaining tug-of-war began, so the issue was kept alive. Elevated Soviet interest was expressed in September 1983 with a statement by the energy minister, Petr Alkhinov. Then, after the proposals of seven western companies to establish a thermonuclear station in (Akkougiou), the Soviet national Atomic Energy Company negotiated on creating a nuclear plant at Sinop.

Western diplomatic sources estimate that it will be impossible to implement the Soviet proposal before 2000, a landmark year for the Turkish program to construct eight nuclear power stations, at a cost of 100 billion Turkish pounds.

In Washington, a work on such a scale in a NATO country is viewed as a model of excessive economic enchainment to the Soviet Union's chariot. Aside from the objections and worries about serious dependencies, however, it is acknowledged that it is impossible to prevent Turkey from accepting such a Soviet offer.

Ambitious demands for industrial development and reinforcement of the national strength are the epicenter of the Turkish energy program.

Turkey imports every year approximately 1.8 billion kilowatt-hours of electricity from Bulgaria and the USSR. This energy dependency can be reduced only if Turkish natural-gas deposits in eastern Thrace, which amount to 12.8 cubic meters [as published], are exploited. A Soviet natural-gas pipeline, through Bulgaria to Istanbul, is expected to connect the fields in eastern Thrace with feed-lines.

Provision is made in the frameworks of the trade agreement signed during Tikhonov's visit to Ankara for Turkish imports of Soviet oil, natural gas and other consumer goods, as well as exports to the USSR of Turkish minerals, textile products and foodstuffs.

On the basis of long-term regulations, imports of Soviet natural gas to Turkey will begin in 1987 and at the beginning of the 1990's will reach six billion cubic meters, which will raise Turkey to fourth position on the list of countries to which the Soviet Union supplies natural gas. At the same time, it is possible that the electricity the USSR supplies to Turkey may double if the related negotiations succeed.

The significance of energy in the frameworks of Turkey's developmental process is clear. Turkish-Soviet energy cooperation is an example of economic interdependence between states with different social systems, something which has been achieved despite Turkish Atlantic commitments.



ENERGY

TURKEY

#### APPROVAL FOR PRIVATE SECTOR POWER PLANT

Istanbul DUNYA in Turkish 25 Feb 85 p 7

[Text] Ankara (DUNYA) - The Economic Affairs Supreme Coordination Council approved applications involving the establishment of three separate companies in partnership with the Turkish Electric Power Corporation [TEK] for the purpose of building privately-owned electric power plants.

The founding charter for SOYTEK Inc, one of the companies, was signed on 5 February 1985 between Nurettin Soykan, Soyut Holding Inc and the TEK.

Names have not yet been specified for the other two firms that will build private power plants to produce electricity. However, the second firm will be formed by Azim Trade Inc and Temelsu Engineering Inc in partnership with the TEK, and the third company will consist of a partnership between Transteknik Holding Inc, Gama Industries Inc and the TEK. SOYTEK, with 200 million liras' capital, will convert coal into electricity in Golbasi District of Adiyaman Province.

Orhan Cakiroglu, Operations Group manager for Soyut Holding Inc, said that the contract forming the company had been signed on 5 February 1985 by TEK General Director Ayhan Erkan and Deputy General Director Zeki Ceri and private-sector partners Nurettin Soykan and Hasan Colak, board chairman of Soyut Holding Inc. The company is registered with the Chamber of Commerce as Soy Electric Power Plants Building, Operations and Trade Inc, he said.

Orhan Cakiroglu pointed out that feasibility studies for Golbasi District in Adiyaman are still in progress and said, "The power produced by the plant will depend on the local coal reserves. However, according to the feasibility studies completed so far, a 1x150 megawatt power plant will be built. If the coal reserve turns out to be higher, we may build a 2x150 megawatt plant. Ground preparation and contracting will begin in April or May."

Meanwhile, Soyut Holding has drawn up technical specifications for the Golbasi-2 thermal power plant and applications to join this firm as production partner have been received from the Swedish firm Brown Boveri & Cie, the Austrian firm Elin-Union, the Romanian Romeorgo, USSR Ecnergomachexport and West German & C. Itoh & Co. Gmbh. Which firm will get the contract will be determined in a few months after examination of the applications.

Announcing that it will cost between \$100 million-\$150 million to build the power plant, Orhan Cakiroglu explained the reason for the partnership with TEK as follows:

"The reason we want to be in partnership with the Turkish Electric Power Corporation is to take advantage of its know-how. They are the ones who will sell the electricity. To request TEK partnership, a firm must have a good coal reserve for use in a thermal power plant and draw up a concrete and realistic project. We submitted our preliminary feasibility report to the TEK 2 months ago. They examined it and agreed to form the partnership with us."

The company, now in the formation stage, in which Gama Industries, Transteknik Holding and the TEK will participate is to build the "Lamas-4" hydroelectric plant on Lamas Stream in Erdemli District, Mersin. Gama Industries General Director Ergil Ersu said in a statement to DUNYA that feasibility studies for this plant will take 1 year and it will be ready for operation in 3 years.

The TEK will have a 30-percent share in the company, capitalized at 100 million liras. The Lamas-4 hydroelectric power plant will be a 26 megawatt plant, providing 103 million kilowatt hours of electricity a year.

Meanwhile, the Economic Affairs Supreme Coordination Council approved the TEK-partnership application by Azim Trade Inc and Temelsu Engineering Inc to build the "Iortum-2" hydroelectric power plant. This firm will have 100 million liras' capital also.

An application by Alarko Holding Inc to form a partnership with the TEK to build a power plant is now under study by the council.

If Alarko Holding's proposal is approved by the TEK board of directors, it will be the fourth partnership submitted for approval by the Economic Affairs Supreme Coordination Council. Energy and Natural Resources Ministry officials said that other applications to build privately-owned electric power plants and the project proposals of the three firms issued permits to form companies would be evaluated after the directive on the Privately-Owned Electric Power Plant Law No 3086 is published. The directive is now in the preparation stage.

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ENVIRONMENTAL QUALITY

EUROPEAN AFFAIRS

BALTIC COMMISSION ENDS SESSION; SEA IN IMPROVED CONDITION

Helsinki HELSINGIN SANOMAT in Finnish 16 Mar 85 p 9

[Article: "Record Number of Recommendations by Baltic Protection Commission; Denmark Investigating Burden Produced by Agriculture, Sweden by Population"]

[Text] In Helsinki on Friday the Baltic Protection Commission concluded a session said to be the most effective one in its history, at which 14 recommendations for the prevention of pollution of the sea were produced for the governments concerned. This time clearly greater note was taken than before of pollutants coming from the soil.

The condition of the Baltic is better than it was before, particularly as concerns PCB compounds, mercury and cadmium. In 10 years time their content levels in fish and organisms have dropped on an average of from 10 to 20 percent. Soviet chief secretary of the Baltic Protection Commission Harald Velner said that it is still difficult to tell for certain about the possible reduction of PCT compound levels because there is not enough information on them.

Earlier the commission had concentrated on recommendations involving maritime shipping and oil spill prevention. Seven of the recommendations that have now been endorsed involve the volume of soil-derived pollutants, a number of recommendations that is equal to that issued at all of the earlier sessions combined, foreign affairs adviser Holger Rotkirch, who headed the Finnish delegation, said.

During the session they agreed that recommendations would henceforth be made in terms of production undertakings that are as lengthy as possible. Denmark was assigned the mission of collecting data on all agricultural pollutants produced by the coastal nations and of drafting recommendations pertaining to them. Sweden, on the other hand, will conduct studies on the purification of waste water produced by the populations involved. It will also continue to investigate the volume of pollutants produced by the lumber industry as well as estimating amounts of cadmium.

According to Rotkirch, the missions assigned to Denmark and Sweden are long-range ones and recommendation proposals need not be ready by next year's session of the commission.

West Germany is conducting basic studies to reduce the volume of lead discharges. East Germany has been collecting data on copper and zinc.

The Soviet Union has been conducting studies on mercury and Poland on agricultural pesticides. In Finland we have been investigating the necessary measures for reducing oil spills.

#### Binding Recommendations

Terttu Melvasalo, the commission's science secretary, said that the recommendations approved to get waste discharges that come from the soil under control are very binding.

The commission recommends that the production of PCB and PCT compounds be ended as of 1987. It recommends that the sale of products containing these compounds be ended. According to the commission, products containing these compounds which are marketed before 1987 must be catalogued and safely destroyed.

The second recommendation involves limitations on oil refinery discharges. Directives for the collection and handling of waste water and flood water produced by rain have been formulated for new refineries. In them the maximum oil content amounts permitted in waste water are given. Old refineries are given different dates by which it is suggested their waste water be treated.

The third recommendation deals with the mercury discharges of the chlorine alkali industry. Plants established after 1986 will have to employ the best possible technology so that mercury does not get into the environment. Total discharge amounts are recommended for already existing plants.

The fourth recommendation among other things involves the mercury discharged by dental clinics and laboratories. They will report to the commission on the kind of technique employed in each country in a year's time from the endorsement of the recommendation.

#### Used Batteries to Be Collected

According to the fifth recommendation, used mercury and cadmium batteries must be collected and safely destroyed. The recommendation will go into effect immediately.

The sixth recommendation involves limitations on cadmium discharges from sources originating in the soil and the seventh recommendation the handling of waste water produced by population centers and the corresponding industrial waste water. Involved in these is the reduction of nitrogen and phosphorous.

The commission approved a program for the observation of radioactive substances in which Finland will serve as the so-called leading country. Finland has promised to coordinate the scientific effort, even though it is part of the work of the protection commission. In Finland the work will be conducted by the Radiation Safety Institute, from which expertise will be obtained.

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